September 18th, 2026

Notice Of Meeting

You are requested to attend the meeting to be held on **Monday, 21st September 2026** at **7:00 pm** in **Hybrid - Church Street, Newtownards and via Zoom.**

Agenda

Agenda

(Attached)

Attachment: 00 Audit Agenda.pdf.pdf ***Page 1***

1. Apologies

2. Chairman's Remarks

3. Declarations of Interest

Reports for Noting

4. Matters Arising from Previous Meetings

a. Committee Minutes from 18 May 2026

(Attached)

Attachment: 04a AC 2026.05.18 Minutes.pdf ***Not included***

Attachment: 04a AC 2026.05.18 Minutes PM.pdf ***Page 3***

b. Committee Minutes from 22 June 2026

(Attached)

Attachment: 04b AC 2026.06.22 Minutes.pdf ***Not included***

Attachment: 04b AC 2026.06.22 Minutes PM.pdf ***Page 20***

c. Follow-up Actions

(Attached)

Attachment: 04c Follow-up actions.pdf ***Page 23***

5. External Audit

a. Draft Report to those Charged with Governance

Report attached.

6. Internal Audit

a. Progress Report

(Attached)

b. Performance Improvement Audit

(Attached)

Reports for Noting

7. Audit Financial Statements

(Attached)

8. Any Other Notified Business

ITEMS 9-12 ***IN CONFIDENCE***

Reports for Noting

9. Single Tender Actions Update

(Attached)

10. Advisory Review - Procurement of Synthetic Pitches

(Attached)

11. Fraud, Whistleblowing and Data- Protection Matters

(Verbal Update)

12. Meeting with NI Audit Office and Internal Audit Service in the Absence of Management

(Verbal Update)

ARDS AND NORTH DOWN BOROUGH COUNCIL

14 September 2026

Dear Sir/Madam

You are hereby invited to attend a hybrid meeting (in person and via zoom) of the Audit Committee of the Ards and North Down Borough Council which will be held the Council Offices, 2 Church Street, Newtownards on **Monday, 21 September 2026** commencing at **7pm**.

Yours faithfully

Susie McCullough
Chief Executive Ards and North Down Borough Council

A G E N D A

1. Apologies

2. Chair's Remarks

3. Declarations of Interest

Reports for Noting:

4. Matters Arising from Previous Meetings
   a) Committee Minutes from 18 May 2026 (copy attached)
   b) Committee Minutes from 22 June 2026 (copy attached)
   c) Follow-up Actions (report attached)

5. External Audit
   a) Draft Report to those charged with Governance (report to follow)

6. Internal Audit:
   a) Progress Report (copy attached)
   b) Performance Improvement Audit (copy attached)

Reports for Noting:

7. Audit Financial Statements (report to follow)

8. Any Other Notified Business

ITEMS 9-12 ***IN CONFIDENCE***

Reports for Noting:

9. Single Tender Actions Update (report attached)

10. Advisory Review – Procurement of Synthetic Pitches (report attached)

11. Fraud, Whistleblowing and Data-protection matters (verbal update)

12. Meeting with NI Audit Office & Internal Audit Service in the absence of Management (verbal update)

MEMBERSHIP OF AUDIT COMMITTEE (11 MEMBERS)

Alderman Armstrong-Cotter	Councillor Morgan
Councillor Harbinson	Councillor McKee
Alderman McAlpine	Councillor Newman
Alderman Graham	Councillor Thompson (Chair)
Councillor Hollywood (Vice-Chair)	Councillor Wray
Mr S Bellentine-Kearns	

ITEM 7.7

ARDS AND NORTH DOWN BOROUGH COUNCIL

A hybrid meeting (in person and via Zoom) of the Audit Committee was held at the Council Chamber, Church Street, Newtownards, on Monday, 18 May 2026 at 7.00pm.

PRESENT: -

In the Chair: Councillor Thompson

Aldermen: Graham
McAlpine

Councillors: McKee (Zoom), Newman, Morgan, Wray

In Attendance: Mr Paul Cummings – Independent Member

Deloitte – Camille McDermott
Prachi Jain

Officers: Chief Executive (S McCullough), Director of Corporate Services (M Steele), Head of Strategic Change (S Denny) and Democratic Services Officer (R King)

1. APOLOGIES

Apologies had been received from the Vice Chair (Councillor Hollywood) and Councillor Harbinson.

NOTED.

2. CHAIRMAN'S REMARKS

The Chairman welcomed Members to the meeting and welcomed Deloitte representatives as well as Independent Member Mr Paul Cummings.

NOTED.

3. DECLARATIONS OF INTEREST

There were no declarations of interest made.

NOTED.

4. MATTERS ARISING FROM PREVIOUS MEETINGS

(a) AUDIT COMMITTEE MINUTES FROM 23 MARCH 2026
(Appendix I)

PREVIOUSLY CIRCULATED: - Copy of the above minutes.

AGREED TO RECOMMEND, on the proposal of Alderman Graham, seconded by Alderman McAlpine, that the minutes be noted.

(b) FOLLOW-UP ACTIONS

PREVIOUSLY CIRCULATED: - Report from the Director of Corporate Services detailing the register of follow-up actions from previous meetings of the Committee.

Item	Title	Action	Officer	Status
Dec 2023 6b	Audit and Assessment Report	Drafting of formal consultation strategy	Head of Comms and Marketing	In draft Sep 2025
Dec 2025 4b	Follow-up actions	Review ToR to reduce change in membership	Head of Finance	Item 9 & Annual Meeting Jun 2026
6c	Community Plan Review	Report on success factors for outcomes based accountability	Community Planning and Climate Manager	Item 4c
7a	Interim Assurance Statements	Review section 3 regarding inclusion of outstanding IA rec's	Head of Corporate Governance	Item 7a
Mar 2026 6a	Internal Audit progress report	Report on cumulative effect of so many outstanding recommendations	Heads of Corporate Governance & Finance	Included in Item 7a
	Internal Audit progress report	Outstanding recommendations to feature in Governance Statement	Head of Finance	Jun 2026

RECOMMENDED that Council notes the report.

AGREED TO RECOMMEND, on the proposal of Councillor Wray, seconded by Councillor McKee, that the recommendation be adopted.

(c) COMMUNITY PLANNING IMPLEMENTATION REVIEW

PREVIOUSLY CIRCULATED: - Report from the Chief Executive detailing that Community Planning had been a statutory duty for councils since 2015, with Ards and North Down Borough Council's Community Plan (*The Big Plan*) first agreed in 2016. The Plan was intentionally long-term (15 years) and outcome-focused, recognising that many of the complex social, economic and environmental challenges facing communities could not be resolved by a single organisation or within a short timeframe.

The recent Internal Audit provided satisfactory assurance, while identifying a finding relating to the absence of clearly defined action plans and measures of success across some workstreams.

This report provided the additional information requested by Members at the December 2025 Audit Committee meeting, following consideration of the Internal Audit review of Community Plan monitoring and reporting arrangements.

What Community Planning Had Achieved to Date
While the audit did not assess delivery against outcomes, significant progress had been achieved through the community planning framework over the past ten years. This progress had been independently recognised and was formally reflected at the Big Community Planning 10-Year Summit, held in May 2025, which brought together over 100 partners, community organisations and residents to reflect on impact and future direction.

1. Establishing and Sustaining Partnership Infrastructure
Community planning had established a stable governance and collaboration framework that did not previously exist. This included the ongoing operation of the Strategic Community Planning Partnership, bringing together senior representatives from statutory, voluntary and community sectors, and the development of outcome-aligned workstreams to coordinate activity and reduce duplication. The establishment of these partnerships, and the relationships within them, proved integral during the Covid-19 pandemic and enabled a rapid and coordinated response to emerging community need.

2. Tangible Partnership-Led Initiatives
Community planning in Ards and North Down had increasingly focused on practical, partnership-led initiatives that deliver visible benefits for residents, while also influencing how wider systems operated across health, wellbeing and place-making.

Key examples included dementia safeguarding initiatives progressed through community planning structures, supporting a more coordinated approach between the Council, health partners, community organisations and carers, with a focus on prevention, awareness and safer community environments. Community planning had also supported inclusive access to public spaces, including securing external funding for inclusive beach facilities at Groomsport, ensuring people with mobility needs could safely enjoy the coastline alongside other residents and visitors.

Through community planning, there had been a deliberate shift towards co-design approaches, with residents, community groups and partners increasingly involved in shaping initiatives from the outset rather than being consulted at the end. This approach underpinned initiatives such as the forthcoming Considerate Parking campaign, which responded directly to community-identified concerns around accessibility, safety and the shared use of public space.

Similarly, work currently being developed through the Sustainable Tourism workstream would demonstrate how community planning had brought together tourism bodies, local businesses, residents and environmental interests to agree shared principles for responsible and sustainable visitor behaviour.

Community planning had also enabled pilot activity that connected wellbeing, environment and access, including external funding support for open-water swimming masterclasses, helping residents safely engage with natural assets while promoting physical and mental health. Initiatives such as this align with a broader emphasis on preventative health and place-based wellbeing, delivered collaboratively rather than through single-agency programmes.

The Big Digital Guide to Wellbeing provided a further example of how community planning had moved towards shared ownership and shared delivery. Rather than being solely maintained by the Council, responsibility for content, promotion and rollout was increasingly shared with partners across the health, community and voluntary sectors. This approach improves sustainability, helps ensure information remained current and relevant, and reinforced the principle that community planning was a collective endeavour rather than a Council-only function.

Age-Friendly initiatives, the Labour Market Partnership, the Community Resuscitation Group, and the Reading Borough Project were all delivered through community planning structures. These examples demonstrated that, while not always branded as “community planning projects”, the framework added value by connecting activity, aligning priorities and supporting collective impact.

While the Council often undertook a greater coordination and facilitation role, this reflected the breadth of our responsibilities, the range of services provided, and the capacity and capability we could bring to partnership working.

Beyond individual projects, community planning had strengthened the Council’s strategic influence within wider partnership structures, ensuring that local insight and community priorities inform decision-making beyond the Council’s direct remit. This included active engagement within the Ards and North Down Locality Planning Group and the South Eastern Outcomes Group led by the South Eastern Health and Social Care Trust, helping to align local community priorities with regional health and wellbeing planning. Community planning also maintained ongoing involvement in the Protect Life Implementation Group, supporting a coordinated, partnership-based approach to suicide prevention across the borough.

Next Steps
Members expressed concern about the absence of clearly defined action plans and measures of success for some workstreams.

In response, at its meeting in February 2026, the Strategic Community Planning Partnership agreed to adopt a standardised progress tracker to be used consistently across all workstreams. This tracker would:

- clearly set out agreed actions, responsible partners, timescales and expected outcomes for each workstream.
- include measures of success and progress updates, enabling proportionate scrutiny without creating unnecessary bureaucracy.
- provide a transparent mechanism for identifying where progress was being made and where further intervention or partner commitment is required; and
- support more structured reporting and ensure audit recommendations were fully embedded.

This approach reflected the point raised by Members regarding the importance of applying the same principles of accountability and evidence to partnership activity as would be expected of organisations receiving Council funding.

Summary
Community planning had delivered clear value over the past decade by establishing durable partnerships, enabling collaborative action and providing a shared long-term vision for improving wellbeing across Ards and North Down. While the Internal Audit rightly identified areas for improvement in monitoring and reporting, these findings did not negate the significant progress achieved.

The adoption of a strengthened progress-tracking approach, alongside the refreshed Big Plan, revised governance arrangements and the introduction of workplans across each workstream, will ensure that future activity is more clearly articulated, measurable and accountable, addressing Members' concerns and strengthening assurance going forward.

RECOMMENDED that the report be noted.

Proposed by Councillor Wray, seconded by Councillor Newman, that the recommendation be adopted.

Councillor Wray welcomed the progress tracker and thanked Officers for implementing it, stressing the importance of measuring Council targets. He asked when the tracker would become available to Members.

The Chief Executive advised that the Community Planning partners had agreed to trial the tracker at their February meeting. The full annual report would be brought to the Corporate Services Committee, which was typically at the end of the year or early in the new year.

AGREED TO RECOMMEND, on the proposal of Councillor Wray, seconded by Councillor Newman, that the recommendation be adopted.

5. EXTERNAL AUDIT

(a) CODE OF AUDIT PRACTICE

PREVIOUSLY CIRCULATED: - Copy of the Code of Audit Practice from the Northern Ireland Audit Office (NIAO).

RECOMMENDED that the report be noted.

(b) STATEMENT OF RESPONSIBILITIES OF LGA AND LOCAL GOVERNMENT BODIES

PREVIOUSLY CIRCULATED: - Copy of the Statement of Responsibilities of LGA and Local Government Bodies from the NIAO.

RECOMMENDED that the report be noted.

Councillor Wray queried the costs charged to the Council by the Local Government Auditor and he was referred to the minutes of the previous meeting which recorded that Audit fees for the year would be £82,600 for the Financial Audit and £17,400 for the Performance Improvement Audit and Assessment.

(c) RAISING CONCERNS IN THE NORTHERN IRELAND PUBLIC SECTOR

PREVIOUSLY CIRCULATED: - Copy of the above report from the NIAO.

RECOMMENDED that the report be noted.

Councillor Wray raised a further query, noting that good practice guidance recommended moving away from the term ‘whistleblowing’ because of its negative connotations. The Director was aware of this and advised that a range of policies would be affected and those would be reviewed against the Self-Assessment Checklist. The Whistleblowing policy review would likely progress through the Corporate Services Committee in due course.

(d) RAISING CONCERNS SELF ASSESSMENT CHECKLIST

PREVIOUSLY CIRCULATED: - Copy of the Raising Concerns Self-Assessment Checklist.

RECOMMENDED that the report be noted.

AGREED TO RECOMMEND, on the proposal of Councillor Morgan, seconded by Councillor Wray, that the Council notes Items 5a to 5d.

6. INTERNAL AUDIT

(a) ANNUAL ASSURANCE STATEMENT 2025/26

PREVIOUSLY CIRCULATED: - Copy of the Annual Assurance Statement 2025/26 from Deloitte.

RECOMMENDED that the report be noted.

Mrs McDermott (Deloitte) presented the report as the final version which had been brought to the Committee in draft at the last meeting. The only change was the completion of the final two audits being reported at this meeting. The assurance rating was unchanged.

(b) PROGRESS REPORT

PREVIOUSLY CIRCULATED: - Copy of the above report from Deloitte.

RECOMMENDED that the report be noted.

Ms McDermott (Deloitte) advised that the report closed out the 2025/26 Internal Audit Plan and commenced with the 2026/27 plan which had been approved at the last meeting. Two remaining reports were being presented this evening (Items 6c and 6d). Planning for the 2026/27 review for Performance Improvement had commenced and further audits were scheduled for August.

Referring to the Outstanding Recommendations Tracker, 38 recommendations were open at the last meeting, with four added and four closed since then. Therefore the number of open recommendations was unchanged. Work was ongoing with the Director of Corporate Services and senior management to progress those outstanding items.

(c) DIGITAL SERVICES GOVERNANCE REVIEW

PREVIOUSLY CIRCULATED: - Copy of the above report from Deloitte.

RECOMMENDED that the report be noted.

Ms Jain (Deloitte) outlined the report, explaining that governance processes and controls had received a ‘Satisfactory’ level of assurance, with two Priority 2 findings and one Priority 3 finding. She explained the recommendations which were detailed within the report.

The Priority 2 issues related to:

- The draft Information Security and ICT Management Policy.
- Gaps in the Digital Services risk management framework.

There was one Priority 3 finding identified during the review. This was in relation to:

- Finalisation of a digital skills training offering

(d) CYBER SECURITY FOLLOW-UP REVIEW

PREVIOUSLY CIRCULATED: - Copy of the above report from Deloitte.

RECOMMENDED that the report be noted.

Ms Jain (Deloitte) explained that in 2019, a Cyber Maturity Assessment of the Council's corporate network and systems across 14 security domains had produced 57 recommendations (17 High, 29 Medium and 11 Low). In February 2026, management advised that 43 of the 57 recommendations had been implemented.

This follow-up reviewed a sample of 17 – all 12 High Priority and sample of five Medium priority reported as implemented. It was reported that 11 of the 17 were fully implemented and three High and three Medium were partially implemented with updated target dates provided by management for completion.

Councillor Morgan welcomed the progress and timeframe for implementation. She asked how confident Officers were of meeting those timelines.

The Head of Strategic Change advised that much of what had been flagged was about formal documentation and the underlying processes were already happening. Where they were not, there were drafts in place. She believed that the July to September completion dates were realistic with documents moving through the policy sign off process. When the ICT policy review came back with significant feedback, the team chose to use the opportunity to consolidate related strategies into a single comprehensive umbrella policy. This made the exercise larger but more comprehensive.

AGREED TO RECOMMEND, on the proposal of Councillor Morgan, seconded by Councillor Wray, that items 6a to 6d be noted.

7. CORPORATE GOVERNANCE

(a) SUMMARY OF STATEMENTS OF ASSURANCE – APRIL 2025 – MARCH 2026

PREVIOUSLY CIRCULATED: - Report from the Director of Corporate Services detailed as follows:

Background
In accordance with the Council's Risk Management Strategy, Heads of Service were required to provide Statements of Assurance. Assurance Statements comprised four main sections to be completed by each Head of Service following consultation with each of their Service Units. The reporting periods for the assurance statements and the structure of the statements had changed, and the Heads of Service completed an interim statement in December, and a full report in April. This report was on the full year 1 April 2025 to 31 March 2026.

Due to the corporate restructure some of the services had been amalgamated into others or into different directorates. As this had occurred throughout the period, the interim assurance statements in some cases had referred to now non-existent services. The annual statements completed reflected the new corporate structure.

Findings and Key Issues
General – Identification of Risk, Monitoring and Control measures
No key issues had been declared as not having appropriate internal controls in place. All Services had confirmed that any risks identified had appropriate internal controls and any further actions taken, or to be taken, to adequately mitigate or resolve the risk had been identified.

Corporate Governance had been investigating a software solution to aid in the management of risks corporately and support the implementation of the Risk Strategy.

Section 1 – Strategic and Operational Risk Management
Services reported appropriate controls were currently in place and had identified satisfactory actions to review, monitor, control, mitigate and resolve issues, where appropriate.

The Parks and Cemeteries Service had reported that the increased frequency and intensity of storms was having a significant impact on their operating budget, unplanned tree works had reduced the budget available for proactive maintenance and risk mitigation programmes identified in the Tree and Woodland strategy. As they also indicated that the frequency of these storms would only increase with climate change they anticipated this trend to continue. They furthermore reported that the impact of the war in Iran on fuel prices was impacting both the cost of their fuel but also the price of fertiliser which was impacting on their supply chain and potentially the level of service they would be able to provide.

The Finance service had reported that the new finance software solution would improve financial controls in a number of key areas, particularly around compliance with the new procurement policy and expenditure approvals process.

Section 2 – Internal Control
Generally, there were no key issues arising to cause significant concern or requiring immediate action.

Planning and Building Control Service had reported that they were failing to meet statutory performance indicators in respect of processing of planning applications. They advised that they were recruiting and training staff to mitigate this and building relationships with other statutory consultees to assist in prioritising key cases.

Community Planning and Climate Control had reported that they had received limited assurance on the audit of the Climate Change Strategy review. The Climate Action Board had had its remit expanded to include both adaptation and mitigation and update the risk register accordingly.

Human Resources had detailed that they had appointed a Systems Officer to further develop the absence management software the Council used and aid managers with setting targets and deadlines.

Waste and Cleansing had reported that Officers were proceeding to develop a new ANDBC Waste Strategy, this work had been on hold until a NI Waste Strategy document could be published. Delays in that process appeared to be ongoing so Officers were proceeding without it.

All services had reported that internal audit recommendations had all been reported via the existing channels and reported to committees.

Section 3 – Governance
Environmental Health and Regulatory Services had reported that the funding for Animal Welfare provision in Northern Ireland had been pulled by DAERA for the year 2025/26 onward. This decision had been challenged by judicial review and partly upheld in favour of councils, but this had been from a procedural perspective and that funding could be lawfully withdrawn in future if the correct process was followed. At present the service which was delivered by Lisburn and Castlereagh City Council on ANDBC's behalf had been operated at risk in 2025/26 and there were no guarantees of funding moving forward.

Finance had reported that both the number of outstanding audit recommendations and the length of time that they had been outstanding had been raised as a concern. Greater attention would be given to this in the review of internal control section of the governance statement. They had also reported that there had been an email hack resulting in £340 being paid to the wrong account, in addition a change of bank details had been attempted on a fraudulent invoice. The latter had been caught by the current controls.

Economic Growth had reported that Bangor Marina had been brought back into Council control from the 1st of April, with Corporate Governance handling the transition and HR implications.

Tourism had reported that a complaint which had escalated to stage 2 had prompted a review of governance arrangements and identified the need to maintain more detailed records of applications for grant aid that were deemed ineligible in the assessment process, which had now been put in place.

Leisure had reported an issue paying for new carpets in advance of delivery which was being reviewed by Internal Audit. In addition they had reported that they were currently in mediation with NCLT/Serco regarding long standing loss of income claims. The Council was taking legal advice on these.

A number of services had reported deviations from Procurement Policy, but in each case the correct procedure had been followed for notification.

RECOMMENDED that Council notes this report.

Proposed by Councillor Wray, seconded by Councillor Newman, that the recommendation be adopted.

Councillor Wray wished to raise a query in relation to mediation between the Council and NCLT/Serco regarding loss of income claims. He acknowledged that an active legal case may prevent details being shared, but asked for any information that could be made available.

The Director offered to provide an update once the meeting had gone into Committee due to those ongoing legal matters.

AGREED TO RECOMMEND, on the proposal of Councillor Wray, seconded by Councillor Newman, that the recommendation be adopted.

(b) CORPORATE RISK REGISTER – MAY 2026

PREVIOUSLY CIRCULATED: - Report from the Director of Corporate Services detailed as follows:

Background
The Corporate Risk Register had last been reported to Committee in September 2025. This report had focused on the subsequent period ending 31 March 2026.

The Corporate Leadership Team and Heads of Service had reviewed the Corporate Risk Register in January which had led to individual directorate reviews facilitated by the Risk Service. Updates to the both the Corporate Risk Register were summarised below. This summary would not have included Corporate Risks or associated Actions without specific updates (reflecting no change). Appendix 1 showed the Corporate Risk Register at May 2026.

Key Issues

CR1 – Inability to meet targets set out within *The Integrated Strategy for Tourism, Regeneration and Economic Development*.
The Corporate Risk Register noted that the Borough Events Strategy had completed a mid-point review and Council approval had been given for extension until 2028, activity to develop 2 year action plans for events had been underway. Some of the key performance indicators relating to visitor spend and overnight NI trips were to be analysed once 2025 season data was available.

CR2 - Lack of adequate staff resources to deliver Services. The Action Plan noted that the Council had retained its silver accreditation under Investors in People in December 2025. Work had been ongoing on the Workforce Plan and New People plan with the latter to be in place by September 2026. In addition a Digital Skills survey had been undertaken in 2025 and the gap analysis had informed a new digital skills programme for Council staff.

CR3 – Inability to achieve Council corporate objectives within the Corporate Plan timeframe. The Action Plan had been updated to reflect that the actions on this Risk had been completed. The Head of Strategic Change had suggested that this Risk could be removed from the Corporate Risk Register and reflected in Service Risk Registers only, but no decision had been made regarding this as yet.

CR4 – risk of **Failure to adequately plan for the impact of climate change.** The Action Plan had noted the appointment of a Climate Adaptation Officer in addition to the Climate Change and Sustainability Manager already appointed. A public survey had been undertaken to gather information of impacts of climate change on the borough and to understand the support required from Council. This survey would have informed work going forward on establishing a Climate Resilient Communities Focus Group and assisted with identification of funding opportunities.

CR5 – risk of **Not achieving the Council's Net Zero targets.** A Strategic Net Zero Borad chaired by the Director of Environmental Services had been established to have an oversight of carbon reduction achievement and progress towards targets. An annual report on all Climate Action would have been published in June.

CR6 – risk of **Failure to work in effective partnerships to meet Council Objectives.** The mapping exercise of strategic partnerships across multiple partners had been completed. In addition a workstream progress tracker had been developed and would be agreed by the Strategic Community Planning Partnership to review each body's progress against agreed action plans.

CR8 – Risk of **death or injury to the public as a result of Council actions or omissions.** Parks and Cemeteries had introduced a new GPS linked monitoring software which would enable operational officers to complete inspections and flag issues for speedy resolution. The Council's insurers had continued to raise concerns regarding inspection regime and record keeping of same, across all Council facilities.

CR13 – Risk that the Council cannot respond to a business continuity event. An annual review of the Business Impact Analysis had been completed by all services.

CR14 – risk of **Failure to deliver Capital and high impact / cross cutting projects.** For the period of report, the business case for Bangor Castle had been nearing completion and an Outline Business Case for North Down Museum had been in progress.

CR15 – risk of **Failure to fulfil the Council's statutory obligations under the Burial Grounds Regulations.** A report on progress of the extension of the Movilla cemetery site had gone to the March 2026 Environment committee.

CR17 – risk that **Council's land assets are taken without permission**. Officers from relevant departments had met in January 2026 and outworkings from this had been included in the Land and Property review approved by Council in March.

CR19 – risk of **Loss of Internet and Wide Area Network Connectivity.** This had been a new risk on the register relating to reliance on cloud computing solutions for day to day Council operations. A control for this had been procurement and deployment of 5G rapid Sites for City Hall and Church Street Council Offices. These had been procured but not yet deployed.

CR20 – risk of **Loss of Access to Mobile Phones.** This had been another new risk on the register which had a control regarding increasing resilience of the telecom provider to have dual providers to allow business to continue if a cyber-attack targeting this infrastructure came to pass.

RECOMMENDED that Council notes this report.

AGREED TO RECOMMEND, on the proposal of Councillor Morgan, seconded by Alderman Graham, that the recommendation be adopted.

8. WORKPLAN FOR 2026/27

PREVIOUSLY CIRCULATED: - Report from the Director of Corporate Services detailed as follows:

Background

In order to assist the Committee with its oversight responsibilities a suggested meeting schedule and work plan had been prepared.

The following standing items were on each meeting agenda, with the exception of the June meeting which was a single item agenda to consider the financial statements:

- Follow-up actions from previous committee meetings
- Internal Audit Update
- Single Tender Action Update
- Fraud, whistleblowing and data breaches update
- Meeting with Auditors in the absence of management

Key Issues

Meeting Date	Agenda Items
18 May 2026	• Annual Statements of Assurance • Corporate Risk Register • Review of Terms of Reference
22 June 2026	• Draft Financial Statements Review
22 September 2026	• Audited Financial Statements Approval • Draft Report to those charged with Governance • Corporate Risk Register • Policy Status Review
14 December 2026	• Final Report to Those charged with Governance • Final Audit Letter

Meeting Date	Agenda Items
	• Improvement Audit and Assessment Reports • Interim Statements of Assurance Update
22 March 2027	• Draft External Audit Strategy 2025/26 • Review of Corporate Risk Register • Annual Internal Audit Report • Internal Audit Plan 2026/27 • Meeting Schedule and work plan 2026/27

RECOMMENDED that Council notes this report.

AGREED TO RECOMMEND, on the proposal of Councillor Morgan, seconded by Councillor Newman, that the recommendation be adopted.

9. REVIEW OF TERMS OF REFERENCE

PREVIOUSLY CIRCULATED: - Report from the Director of Corporate Services detailed as follows:

Background

In line with good practice the Audit Committee should review it terms of reference annually and make recommendations to Council to ensure that it keeps up to date with developments within legislation, guidance and regional and national issues.

The last review was carried out in June 2025.

The review had been carried out by the Head of Finance and there was only one significant change in respect of relaxing the membership rules in order to improve continuity of membership. All amendments were highlighted in the attached draft, which it was anticipated would go with the updated scheme of delegation to the Annual Meeting.

RECOMMENDED that Council notes this report.

In the absence of the Head of Finance, the Director summarised the changes. There was one significant change which removed restriction preventing Committee and sub-Committee Chairs from sitting on the Audit Committee. The change was to provide continuity and reduce the high turnover of Members experienced over the last four years.

Mr Cummings noted that the Terms of Reference provided opportunity for Members to meet with Auditors in the absence of management. He felt that it was unnecessary to have this as a standing item on every Audit Committee agenda and suggested that this procedure be undertaken formally once a year with Members able to request this ad-hoc at any meeting.

A discussion took place around how an ad-hoc request could be made. Alderman Graham emphasised that the mechanism should give Members complete confidentiality so that nothing inhibited anyone with something they wished to raise.

Mr Cummings suggested that any Member or the auditors themselves, could contact the Chair directly and indicate they wished to raise something.

The Chief Executive recommended a similar process as Any Other Notified Business requests. A request could be made by email to the Chair up to the day before the meeting. The Committee was content with that approach and the Director committed to updating the standard agenda template with the session occurring annually. He felt it would be appropriate for this to take place at the September meeting.

AGREED TO RECOMMEND, on the proposal of Alderman Graham, seconded by Councillor Morgan, that the recommendation be adopted.

10. ANY OTHER NOTIFIED BUSINESS

The Chairman advised that there were no items of Any Other Notified Business.

NOTED.

EXCLUSION OF PUBLIC/PRESS

AGREED, on the proposal of Alderman Graham, seconded by Councillor Newman, that the public/press be excluded during the discussion of the undernoted items of confidential business.

11. SINGLE TENDER ACTIONS UPDATE

*****IN CONFIDENCE*****

NOT FOR PUBLICATION

SCHEDULE 6: 3. Exemption: relating to the financial or business affairs of any particular person

The Committee was asked to consider an update on Single Tender Actions (STA's). Each STA is reported to Council by the relevant directorate to request the setting aside of Standing Orders. Three Single Tender Actions were brought to the attention of the Procurement Service Unit since its last report.

12. INDEPENDENT MEMBER UPDATE

*****IN CONFIDENCE*****

SCHEDULE 6: 1. Exemption: information relating to any individual.

The Director advised that the Independent Member's term was ending, with recruitment ongoing and their service continuing until end of June.

13. FRAUD, WHISTLEBLOWING AND DATA PROTECTION MATTERS

*****IN CONFIDENCE*****

NOT FOR PUBLICATION

SCHEDULE 6:3 – INFORMATION RELATING TO THE FINANCIAL OR BUSINESS AFFAIRS OF ANY PARTICULAR PERSON (INCLUDING THE COUNCIL HOLDNG THAT INFORMATION)

Members were advised of any new incidences of fraud, whistleblowing and data protection.

ORDER OF BUSINESS

The Chair returned to a previous query that was deferred from earlier in the meeting.

7(a) SUMMARY OF STATEMENTS OF ASSURANCE – APRIL 2025 – MARCH 2026 (Continued)

****IN CONFIDENCE****

NOT FOR PUBLICATION

SCHEDULE 6:3 – INFORMATION RELATING TO THE FINANCIAL OR BUSINESS AFFAIRS OF ANY PARTICULAR PERSON (INCLUDING THE COUNCIL HOLDNG THAT INFORMATION)

14. MEETING WITH NI AUDIT OFFICE AND INTERNAL AUDIT SERVICE IN THE ABSENCE OF MANAGEMENT

*****IN CONFIDENCE*****

NOT FOR PUBLICATION

SCHEDULE 6:3 – INFORMATION RELATING TO THE FINANCIAL OR BUSINESS AFFAIRS OF ANY PARTICULAR PERSON (INCLUDING THE COUNCIL HOLDNG THAT INFORMATION)

A meeting was held in the absence of management.

The Chief Executive, Director of Corporate Services, Head of Strategic Change, Multimedia Officer and Democratic Services Officer all withdrew from the meeting during the discussion of the item at 7.35 pm and returned to the Council Chamber at 7.40 pm.

NOTED.

RE-ADMITTANCE OF PUBLIC AND PRESS

AGREED, on the proposal of Alderman Graham, seconded by Councillor Morgan, that the public/press be re-admitted to the meeting.

CHAIRMAN'S REMARKS

The Chair who was in attendance for his last meeting in the post, thanked the auditors and Committee Members, in particular the outgoing Independent Member, Mr Cummings. Councillor Morgan thanked the Chair on behalf of all Members.

TERMINATION OF MEETING

The meeting terminated at 7.46 pm.

ITEM 7

ARDS AND NORTH DOWN BOROUGH COUNCIL

A hybrid meeting (in person and via Zoom) of the Audit Committee was held at the Council Chamber, Church Street, Newtownards, on Monday 22 June 2026 at 7.00pm.

PRESENT: -

In the Chair: Councillor Morgan

Aldermen: McAlpine (Zoom)

Councillors: Harbinson (Zoom), Newman (Zoom), Hollywood (Zoom), Wray, McKee (Zoom)

In Attendance: NIAO – Ms Anu Kane

Officers: Chief Executive (S McCullough), Director of Corporate Services (M Steele), Head of Finance (S Grieve) and Democratic Services Officer (R King)

1. APOLOGIES

Apologies had been received from Alderman Armstrong-Cotter, Councillor Thompson and Mr Paul Cummings.

NOTED.

2. CHAIRMAN'S REMARKS

The Chair (Councillor Morgan) welcomed Ms Kane, attending from the Northern Ireland Audit Office.

She went on to explain that Mr Cummings was unable to attend what would have been his final meeting due to the end of his four year term as Independent Member. Mr Cummings had asked her to share the following comments:

"I want to apologise for being unable to attend the meeting this evening especially given it is my last. I will miss my trips down to Ards and I hope over the past four years I have been of some assistance. I want to pay tribute to your officers who have been very open and professional in all my dealings with them. They sometimes don't get the credit they deserve. It has been really enjoyable to work with such passionate people. One final suggestion. During my term I have seen a significant turnover of members and while this brings fresh perspectives it reduces the effectiveness of the committee. So please stick with it for the four years. May I wish you well and should you or your new independent member ever wish to contact me please just lift the phone."

The Chair suggested writing a letter of thanks to Mr Cummings and the Committee agreed to that.

NOTED.

3. DECLARATIONS OF INTEREST

The Chairman sought Declarations of Interest at this stage.

No Declarations of Interest were declared. Members were reminded that they could declare throughout the meeting.

NOTED.

4. ANY OTHER NOTIFIED BUSINESS

There were no items of Any Other Notified Business.

NOTED.

EXCLUSION OF PUBLIC/PRESS

AGREED TO RECOMMEND, on the proposal of Councillor Wray, seconded by Councillor Harbinson, that the public/press be excluded during the discussion of the undernoted items of confidential business.

5. DRAFT FINANCIAL STATEMENTS 2025/26

****IN CONFIDENCE****

NOT FOR PUBLICATION

SCHEDULE 6 - 3. Exemption: relating to the financial or business affairs of any particular person

A report was presented detailing the Councils financial and overall revenue performance for the year. Once audited, those would be published before 30 September 2026.

The recommendation was adopted.

RE-ADMITTANCE OF PUBLIC AND PRESS

AGREED TO RECOMMEND, on the proposal of Councillor Wray, seconded by Councillor Newman, that the public/press be re-admitted to the meeting.

TERMINATION OF MEETING

The meeting terminated at 7.45pm.

ITEM 4c

Ards and North Down Borough Council

Report Classification	Unclassified
Exemption Reason	Not Applicable
	If multiple:
Meeting	Audit Committee
Date of Meeting	21 September 2026
Responsible Director	Director of Corporate Services
Responsible Head of Service	Head of Finance
Report title	Follow-up Actions
Attachments	
File Reference (if applicable)	
Legislation	Other Local Government (Accounts and Audit) Regulations 2006
Resource Implications	Staffing Narrative: Minor implications
Screening Requirements	*The Council will commit to consider the implication of all reports under the categories of Section 75, Rural Needs, Data Protection, Climate and Sustainability:* Screening of report not required
Link to Corporate Plan Priority and Outcome	Priority 1: Economic 7. Ards and North Down Borough Council is a high performing organisation If multiple:

Background
In line with good practice, a register of actions is maintained to ensure that requests from previous meetings of the Committee are followed up on.

Item	Title	Action	Officer	Status
Dec 2023 6b	Audit and Assessment Report	Drafting of formal consultation strategy	Head of Comms and Marketing	Proposed for Committee in March 27
Dec 2025 4b	Follow-up actions	Review ToR to reduce change in membership	Head of Finance	Item 9 & Annual Meeting Jun 2026
May 2026 5c	Raising Concerns in the NI Public Sector	Review of Whistleblowing Policy	Head of Human Resources	To be considered when policy due for review
9	Review of Terms of Reference	Private meeting with auditors to be once per annum	Head of Finance	December agenda

RECOMMENDATION

It is recommended that Council **Notes** the report.

Northern Ireland Audit Office

Draft Report to those charged with Governance

DRAFT

Ards and North Down Borough Council
2025-26

Date of Issue / Audit Opinion

18/09/26

Contents

DRAFT

We have prepared this report for Ards and North Down Borough Council's sole use. You must not disclose it to any third party, quote or refer to it, without our written consent and we assume no responsibility to any other person.

1. Key Messages

This report summarises the key matters from our audit of the 2025-26 Ards and North Down Borough Council financial statements which we must report to the Audit Committee, as those charged with governance. We would like to thank the Director of Corporate Services and his staff for their assistance during the audit process.

Proposed Audit Opinion

It is proposed that the Local Government Auditor (LGA) will report on the 2025-26 financial statements with an unqualified audit opinion, without modification.

Proposed Audit Certificate

It is also proposed that, the Local Government Auditor will certify completion of the audit of accounts of the Council in accordance with the requirements of the Local Government (Northern Ireland) Order 2005 and the Local Government Code of Audit Practice. The audit certificate closes the audit and marks the point when the Local Government Auditor's statutory responsibilities in respect of the audit of the accounts for the period covered by the certificate have been discharged.

The Audit Certificate is included at Appendix Two.

Misstatements

Financial Statement Adjustments
The net effect of adjustments on the Comprehensive Income and Expenditure Statement and Balance Sheet was nil.

Uncorrected misstatements
Uncorrected misstatements would increase expenditure and reduce net assets by £99,000.

Audit Findings

During the audit, we obtained an understanding of the system of internal control, including information systems relevant to financial reporting, to the extent necessary to design appropriate audit procedures. We identified

DRAFT

no priority one recommendations in relation to the internal control environment.

Full details of findings are included at Findings from the Audit.

Proper Arrangements

Under the Local Government (Northern Ireland) Order 2005, the Local Government Auditor should be satisfied that a Council has in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are satisfied that the Council has proper arrangements for securing economy, efficiency and effectiveness in its use of resources. However, we have identified some areas for improvement, and these are outlined in Section 4 of this report.

Full details of findings are included at Findings from the Audit.

Status of the Audit

The audit is substantially complete, subject to final review. As of 15 September, we need to conclude our testing on Property, Plant and Equipment and expenditure.

Following resolution of issues, the Chief Financial Officer may sign the Statement of Accounts together with a letter of representation, the proposed wording of which is included at Appendix One.

If any significant issues arise from the incomplete audit work mentioned above, the audit team will inform those charged with governance before certification. If no further updates are provided, it means no issues were found in the ongoing audit testing.

This has been a challenging year for the Council staff following the migration to a new financial management system on 1 April 2026 and the loss of key staff. As a result of this and other issues our work has taken longer than anticipated and we do not expect to complete our work in line with the fee quoted in our Audit Strategy. We will be engaging further with the Council to discuss this.

DRAFT

Independence

We consider that we comply with the Financial Reporting Council (FRC) Ethical Standard and that, in our professional judgement, we are independent and our objectivity is not compromised.

No non-audit services were provided this year.

Management of information and personal data

The Council is required to comply with the UK General Data Protection Regulation (GDPR) in the handling and storage of personal data. Those Charged with Governance should ensure they have made sufficient enquiries of management to form a view on whether there were any significant specific data incidents which should be disclosed in the Governance Statement. We are unaware of any data handling incidents during the year. Confirmation to this effect has been sought within the letter of representation included at Appendix One.

During the course of our audit, we have access to personal data to support our audit testing. We have established processes to hold this data securely within encrypted files and to destroy it where relevant at the conclusion of our audit. We consider that these arrangements are consistent with the responsibilities communicated to you, and with our obligations under the UK GDPR and the Data Protection Act 2018 in the context of the audit engagement.

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Performance Improvement

The outcome from our work in respect of Part 12 of the Local Government Act (Northern Ireland) 2014 on Performance Improvement will be reported separately to those charged with governance, as set out in the timetable in the 2025-26 Audit Strategy.

Actions for the Audit Committee

The Audit Committee should:

- Review the findings set out in this report, including the draft letter of representation and audit certificate at Appendices one and two respectively; and
- Consider whether the uncorrected misstatement set out in section 6, Misstatements should be corrected. The Audit Committee minutes should provide written endorsement of management's reasons for not correcting this misstatement.

2. Audit Scope

We have completed our audit of the 2025-26 financial statements in accordance with International Standards on Auditing (UK) (ISAs) issued by the Financial Reporting Council; with Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'; and with the Audit Strategy presented to the Audit Committee in March 2026.

There are no new matters to communicate concerning the planned scope and timing of the audit.

DRAFT

3. Significant Risks

The significant risks identified in our Audit Strategy have been addressed as follows:

Significant Risk 1

Management override of controls

Under ISA (UK) 240, there is a presumed significant risk of material misstatement due to fraud through management override of controls.

Audit Response

Audit Response

As required by ISA (UK) 240, we

- Tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements;
- Reviewed accounting estimates for biases and evaluated whether the circumstances producing the bias, if any, represent a risk of material misstatement due to fraud;
- Considered significant transactions that are outside the normal course of business for the entity, or that otherwise appear to be unusual.

Outcome

A sample of journal entries relating to the 2025-26 financial year and the post year-end period were reviewed.

Significant accounting estimates were reviewed.

During the course of the audit, no significant items have come to our attention which would indicate an override of the control systems in place.

No issues were noted in respect of management override of controls.

No additional significant risks were identified during our audit fieldwork

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4. Other areas of interest

In our audit strategy we noted a further area to be kept under review

The finance IT system – TOTAL was replaced by a new financial management system -CiA on 1 April 2026. The 2025-26 financial statements were prepared on the TOTAL system with reports, necessary for the audit to progress, generated from it.

Our concerns that the system may be exposed to cyber-attack, data loss and downtime as it was unsupported from 1 June 2026 did not materialise, however the same staff have been involved in migrating the data and preparing the draft accounts which has been very challenging for them and led to delay in receiving responses to audit queries this year.

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5. Findings from the Audit

Financial Reporting

As part of our audit, we evaluate the qualitative aspects of accounting practices and financial reporting. In this section we draw to your attention any significant changes or issues in respect of accounting policies; accounting estimates; and financial statement disclosures.

The Council has robust processes in place for the production of the accounts and continues to produce good quality supporting working papers. As noted in Section 4, Officers involved in the audit have had to work through particularly challenging circumstances this year which has led to delays in responses to our audit queries. However, we have worked closely with the Council to ensure the audit process has been completed within the planned timescales.

Accounting Policies

The accounting policies adopted by the Council have not changed or altered since the prior year financial statements. On this basis we can conclude that the quality, effectiveness and transparency of financial reporting and accounting at the Council is appropriate.

Accounting Estimates

We examined the appropriateness of accounting estimates and judgements and are content with the consistency of assumptions and the degree of prudence reflected in the recorded amounts.

With regard to valuations and indexation of land and property, we have placed reliance on the expertise of the Land and Property Services (LPS). With regards to pension balances and disclosures we have placed reliance on the expertise of the Council's actuary (Aon).

Financial Statement Disclosures

We have made a number of suggestions to improve narrative disclosures and to ensure completeness of the disclosures required under the Code of Practice on Local Authority Accounting and other relevant guidance.

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Going Concern

No events or conditions were identified from our audit work that cast significant doubt about the Council's ability to continue to adopt the going concern basis of accounting.

Narrative Report

The Narrative Report was considered to be consistent with our understanding of the business and was in line with the other information provided in the financial statements.

Remuneration Report

The parts of the Remuneration Report to be audited were considered to be properly prepared in accordance with Department for Communities (DfC) directions issued under the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015.

Governance Statement

The Governance Statement has been prepared in accordance with the Delivering Good Governance in Local Government framework (including any relevant Northern Ireland addendum or guidance), within the context of the Code of Practice on Local Authority Accounting in the UK 2025-26 and DfC directions, and it is consistent with other information we are aware of from our audit.

Legality, Propriety and Losses

We found no issues in relation to illegality, impropriety or losses during our audit.

Internal Control

No significant deficiencies in internal control have come to our attention during the audit. Individual findings and recommendations should be set out in findings below.

Related Parties

No significant matters were arising during the audit in connection with the Council's related parties.

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Audit Recommendations

This section outlines the findings arising from our audit, as well as management's response and target date for implementation. Our findings are defined as:

- **Priority 1** – significant issues for the attention of senior management which may have the potential to result in material weakness in internal control.
- **Priority 2** – important issues to be addressed by management in their areas of responsibility.
- **Priority 3** – issues of a more minor nature which represent best practice.

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Finding 1 Issues identified within provisions

We identified some issues during our review of the Council's provisions:

a. When calculating the provision for public and employer's liability cases, the Council's Risk Management Team provides an estimate of the likely liability to the Finance Team. The latter then apply an adjustment based on the average settlement figures of the previous four years of claims. This type of calculation is in contravention of Accounting Standards, which require cases to be reviewed individually by management (or their expert) to assess the likelihood and extent of the liability. We are satisfied that this adjustment has not had a material impact on management's estimate this year. However, this may not be the case in the future;

b. While the Council provides for some legal cases in its accounts, it should ensure that the review of this provision considers **all** outstanding cases and properly assesses each on an individual basis; and

c. Note 20 to the accounts classifies provisions as either current or long-term. The Council was unable to provide any evidence to support the split of these figures therefore we have no evidence that this have been properly disclosed.

Priority Rating

2

Recommendation

The Council:

a. has advised that it intends to revisit its methodology in this area next year to comply with Accounting Standards and ensure it provides a more accurate estimate of the likely liability.

b. should review all ongoing cases at the year end to formally assess whether there is a need to make or revise provisions to provide an accurate reflection of circumstances at the year end.

c. should be able to provide evidence to support all disclosures in the accounts particularly the maturity of provisions.

Management Response (including target date)

Management accept this finding and will implement a comprehensive review of provisions at year ends going forward. (April 2027)

Finding 2 Outstanding Internal Audit Recommendations

From our review of the Governance Statement, we note that there continues to be a significant number of internal audit recommendations outstanding at year end. While the Council successfully closed 30 recommendations during 2025-26, and the number of Priority 1 recommendations reduced from three at 31 March 2025 to one at 31 March 2026, there remain a significant number of recommendations - 38 outstanding at year end - with 18 of those due to be completed not yet started.

It is recognised that the implementation of the new financial management system and ERDMS will facilitate the resolution of many of these recommendations.

Priority Rating

2

Recommendation

The volume and ageing of these recommendations could present a risk to the Council which should be addressed as soon as practicable. Additionally, the Council should consider the impact of these outstanding recommendations on the effectiveness of the Council's control environment.

Management Response (including target date)

Management accept this finding and have over the course of the past 3 years commenced significant projects (as noted, a new financial management system and a new digital storage solution project) in order to address the issues identified. Management will continue to do this, focusing on minimising the Council's largest areas of risk exposure.

DRAFT

Finding 3 IT and Information vulnerabilities

(a) In line with good practice the Council has identified Information Asset Owners (IAOs) for each key Line of Business system. As part of this role IAOs should complete formal risk assessments to ensure information is properly protected, managed and used to support organisational objectives. We understand that the Council IAOs do not complete such assessments at present.

(b) It is also good practice to have an independent assessment of all IT systems and cyber security controls (IT health checks). Such checks may identify weakness that could be exploited from outside the Council and identify whether internal systems are securely configured and maintained. We understand that the Council is reviewing the requirements and potential benefits of Cyber Essentials accreditation and that Internal Audit has recently completed a follow up review of Cyber Security.

Priority Rating

3

Recommendation

We recommend that the Council IAOs complete formal risk assessments for their Line of Business Applications to enhance information security and consider whether the scope of current testing completed on business applications is sufficient or would benefit from IT health checks.

Management Response (including target date)

The Council has established Information Asset Owners (IAOs) and has adopted a risk-based approach to information security through its Information Security and ICT Management Policy. To strengthen existing arrangements, a formal Information Asset Risk Assessment process will be developed and implemented for key Line of Business applications, supported by guidance for IAOs.

The Council currently undertakes a range of cyber security assurance activities and is progressing cyber security improvements, including consideration of Cyber Essentials accreditation. The adequacy of existing application and infrastructure testing will be reviewed to determine whether additional independent IT health checks or application security assessments are required.

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Finding 4 Proper Arrangements – areas for improvement

Progress has been made in addressing previously identified areas for improvement, for example on-line fraud training modules have been rolled out and Digital Services are currently reviewing the requirements and potential benefits of Cyber Essentials accreditation.

We note that further work is needed to address two legacy Council policies: Staff Travel Policy (2010) and Employee Expenses and Benefits Policy (2013). The Council has advised of its intention to produce an updated policy which will incorporate those policies that are still relevant and new travel and expenses procedures.

We note that the Council's draft Information, Communication & Technology policy (2016) is currently out for consultation.

It is recognised that the Council requires resources to fully implement all improvements.

Priority Rating

3

Recommendation

We recommend that the Council continues its focus on ensuring all policies are up to date and formally approved as soon as practicable.

Management Response (including target date)

Management accept this finding. A policy register has been developed this year and is monitored for review timeliness and compliance by the Head of Corporate Governance. This will help improve the Council's adherence to regular policy review timetables.

6. Misstatements

Adjusted misstatements

During the audit process we identified the following misstatements above our clearly trivial threshold of £87.3k. These misstatements have been adjusted and the net effect on the Comprehensive Income and Expenditure Statement and/or Balance Sheet was £nil.

ISSUE	AREA	CIES DEBIT / (CREDIT) £'000	Balance Sheet DEBIT / (CREDIT) £'000
Valuation of Peppercorn leases – wrongly included as a prior period adjustment	Capital Adjustment Account		63.6
	PPE Opening Balance		63.6
Increase in Legal Provision following post year end events	Expenditure-Legal Claims	498	
	Legal Provision		498
Bangor Bay Lease Surrender incorrectly treated as a disposal	Non-Current Asset Disposals		342
	Non-Current Assets -Additions		(342)
Omission of the revenue element of the SEUPB grant from the accounts	Payables - Accruals		3,385.5
	Income – Revenue Grants	(3,385.5)	

DRAFT

ISSUE	AREA	CIES DEBIT / (CREDIT) £'000	Balance Sheet DEBIT / (CREDIT) £'000
	Revenue grants – spend not incurred	3,385.5	
	Revenue Grants -unapplied		(3,385.5)
TOTAL		**498**	**498**

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Uncorrected misstatements

The table below lists unadjusted misstatements which exceed our clearly trivial threshold of £87.3k. Uncorrected misstatements would increase expenditure and decrease net assets by a further £99k.

ISSUE	AREA	CIES DEBIT / (CREDIT) £'000	Balance Sheet DEBIT / (CREDIT) £'000
Understated provision for tribunals	**Expenditure - tribunals**	**99**	
	Other Provisions		**(99)**
TOTAL		**99**	**99**

We recommend that the uncorrected misstatement is corrected by the Council.

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Appendix One – Letter of Representation

The Local Government Auditor
Northern Ireland Audit Office
106 University Street
BELFAST
BT7 1EU

Letter of Representation: Ards and North Down Borough Council 2025-26

As Chief Financial Officer of the Ards and North Down Borough Council I have fulfilled my responsibility for preparing accounts that give a true and fair view of the state of affairs, total income and expenditure, cash flows, and movements in reserves; and the related notes of the Council for the year ended 31 March 2026.

In preparing the accounts, I was required to:

- observe the accounts direction issued by the Department for Communities (DfC), including the relevant accounting and disclosure requirements and apply appropriate accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards have been followed and disclosed and explain any material departures in the accounts; and
- make an assessment that the Ards and North Down Borough Council is a going concern and will continue to be in operation throughout the next year; and ensure that this has been appropriately disclosed in the financial statements.

I confirm that for the financial year ended 31 March 2026

- having considered and enquired as to the Ards and North Down Borough Councils' compliance with law and regulations, I am not aware of any actual or potential non-compliance that could have a material effect on the ability of the Council to conduct its business or on the results and Balance Sheet disclosed in the accounts;
- all accounting records have been provided to you for the purpose of your audit and all transactions undertaken by Ards and North Down Borough Council have been properly recorded and reflected in the accounting records. All other records and related information,

DRAFT

including minutes of all management meetings which you have requested have been supplied to you; and
- the information provided regarding the identification of related parties is complete; and the related party disclosures in the financial statements are adequate.

All material accounting policies as adopted are detailed in note 1 to the accounts.

Internal Control

I have fulfilled my responsibility as Chief Financial Officer for the design and implementation of internal controls to prevent and detect error and I have disclosed to you the results of my assessment of the risk that the financial statements could be materially misstated.

I confirm that I have reviewed the effectiveness of the system of internal control and that the disclosures I have made are in accordance with DfC guidance on the Governance Statement.

Fraud

I have fulfilled my responsibility as Chief Financial Officer for the design and implementation of internal controls to prevent and detect fraud and I have disclosed to you the results of my assessment of the risk that the financial statements could be materially misstated as a result of fraud.

I am not aware of any fraud or suspected fraud affecting the Ards and North Down Borough Council and no allegations of fraud or suspected fraud affecting the financial statements has been communicated to me by employees, former employees, analysts, regulators, or others.

Assets

GENERAL
All assets included in the Balance Sheet were in existence at the reporting period date and owned by Ards and North Down Borough Council and free from any lien, encumbrance or charge, except as disclosed in the accounts. The Balance Sheet includes all tangible assets owned by the Council.

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NON-CURRENT ASSETS

All assets over £5,000 are capitalised. They are revalued regularly to ensure that their carrying amount is not materially different from their fair value at the year-end. Annually a full revaluation is performed on 1/5th of the Council's assets and all other assets subject to a desk-based valuation. All assets will receive a full revaluation as a minimum, every 5 years, by Land and Property Services (LPS). Depreciation is calculated to reduce the net book amount of each asset to its estimated residual value by the end of its estimated useful life in the Council's operations.

OTHER CURRENT ASSETS

On realisation in the ordinary course of the Ards and North Down Borough Council's operations the other current assets in the Balance Sheet are expected to produce at least the amounts at which they are stated. Adequate provision has been made against all amounts owing to the Council which are known, or may be expected, to be irrecoverable.

INVESTMENTS

Ards and North Down Borough Council does not provide loans to other UK local authorities.

Liabilities

GENERAL

All liabilities have been recorded in the Balance Sheet.

There were no significant losses in the year and no provisions for losses were required at the year end.

All litigation and claims have been disclosed to you and correctly accounted for.

PROVISIONS

Provision is made in the financial statements for:

- Insurance provision of £941k
- Legal provision of £899k

CONTINGENT LIABILITIES

There are a number of legal claims or potential claims against the Council the outcome of which cannot at present be estimated with certainty. Full provision is made in the financial statements for all liabilities which are expected to materialise.

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I am not aware of any pending litigation which may result in significant loss to the Ards and North Down Borough Council, and I am not aware of any action which is or may be brought against the Ards and North Down Borough Council under the Insolvency (Northern Ireland) Order 1989 and the Insolvency (Northern Ireland) Order 2005.

Actuarial Valuation of the Council's Pension Scheme Liability

The overall net pension liability as at 31 March 2026 is £666k.This represents the liability for the unfunded part of the pension scheme.

To comply with accounting standards, the net pension asset of £55,622k as at 31 March 2026, for the funded part of the pension scheme, has been restricted to the asset ceiling of nil. The loss in value has been recognised as adjustments within Other Comprehensive Income and Expenditure (Remeasurements of the Net Defined Benefit Asset/ Liability) (2025-26 £(1,548k); 2024-25 £276k).

Having made appropriate enquiries, I am satisfied with the appropriateness of the actuarial assumptions underlying the valuation of the Council's share of the valuation of the pension scheme liability.

Furthermore, I confirm that:

- All significant retirement benefits, including any arrangements that are implicit in the employer's actions, have been identified and properly accounted for; and
- All settlements and curtailments have been identified and properly accounted for.

Other Disclosures

RESULTS

Except as disclosed in the accounts, the results for the year were not materially affected by transactions of a sort not usually undertaken by the Ards and North Down Borough Council or circumstances of an exceptional or non-recurring nature.

Land Disposal - Contingent Asset

During the 2022-23 financial year the Council disposed of land at Blair Mayne Road South to a developer for residential housing. Within the contract is a condition that, should planning permission be obtained for a more intensive development than originally anticipated, the Council would receive additional income in line with the formula set out in the contract. This condition has not yet been met; however, it remains active for a further 8 years. I am content this is being appropriately monitored by the Council.

DRAFT

UNCORRECTED MISSTATEMENTS
One uncorrected misstatement has been brought to my attention in respect of an under provision of £99k for ongoing tribunal claims.

I consider the effect of this uncorrected misstatement to be immaterial to the financial statements taken as a whole.

EVENTS AFTER THE REPORTING PERIOD
Except as disclosed in the accounts, there have been no material changes since the reporting period date affecting liabilities and commitments, and no events or transactions have occurred which, though properly excluded from the accounts, are of such importance that they should have been brought to notice.

ACCOUNTING ESTIMATES
The methods, significant assumptions and the data used in making the accounting estimates and the related disclosures are appropriate to achieve recognition, measurement or disclosure that is in accordance with the financial reporting framework.

MANAGEMENT OF PERSONAL DATA
There have been no personal data related incidents in 2025-26 which are required to be reported.

Susie McCullough
Chief Financial Officer
Ards and North Down Borough Council
XX September 2026

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Appendix Two – Audit Certificate

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARDS AND NORTH DOWN BOROUGH COUNCIL

Opinion on financial statements

I have audited the financial statements of Ards and North Down Borough Council for the year ended 31 March 2026 under the Local Government (Northern Ireland) Order 2005. The financial statements comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Balance Sheet, Cash Flow Statement, and the related notes including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the Code of Practice on Local Authority Accounting in the United Kingdom supported by UK adopted international accounting standards.

I have also audited the information in the Remuneration Report that is described in that report as having been audited.

In my opinion the financial statements:

- give a true and fair view, in accordance with relevant legal and statutory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2025-26, of the financial position of Ards and North Down Borough Council as at 31 March 2026 and its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 and the Department for Communities' directions issued thereunder.

Basis for opinion

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of this certificate. My staff and I are independent of Ards and North Down Borough Council in accordance with the ethical requirements of the Financial Reporting Council's Ethical Standard and have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that Ards and North Down Borough Council's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt

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on Ards and North Down Borough Council 's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

The going concern basis of accounting for Ards and North Down Borough Council is adopted in consideration of the requirements set out in the Code of Practice on Local Authority Accounting in the United Kingdom 2025-26, under which financial statements are prepared on a going concern basis on the assumption that the functions of the authority will continue in operational existence for the foreseeable future.

My responsibilities and the responsibilities of the Chief Financial Officer with respect to going concern are described in the relevant sections of this report.

Other Information

The other information comprises the information included in the Statement of Accounts other than the financial statements, the parts of the Remuneration Report described in that report as having been audited, and my audit certificate and report. The Chief Financial Officer is responsible for the other information included in the Statement of Accounts. My opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion, based on the work undertaken in the course of the audit:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with the Department for Communities' directions made under the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015; and
- the information given in the Statement of Accounts for the financial year ended 31 March 2026 is consistent with the financial statements

Matters on which I report by exception

In light of the knowledge and understanding of Ards and North Down Borough Council and its environment obtained in the course of the audit, I have not identified material misstatements in the Statement of Accounts.

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I have nothing to report in respect of the following matters which I report to you if:

- in my opinion:
    - the Annual Governance Statement:
        - does not reflect compliance with the Code of Practice on Local Authority Accounting in the United Kingdom 2025-26;
        - does not comply with proper practices specified by the Department for Communities;
        - is misleading or inconsistent with other information I am aware of from my audit; or
    - adequate accounting records have not been kept; or
    - certain disclosures of remuneration required by the Department for Communities' directions are not made, or the Statement of Accounts and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or
    - I have not received all the information and explanations I require for my audit, or
- I issue a report in the public interest under Article 9 of the Local Government (Northern Ireland) Order 2005; or
- I designate under Article 12 of the Local Government (Northern Ireland) Order 2005 any recommendation made to the Council; or
- I exercise the other special powers of the auditor under Articles 19 to 21 of the Local Government (Northern Ireland) Order 2005.

Responsibilities of the Chief Financial Officer for the financial statements

As explained more fully in the Statement of Council's and Chief Financial Officer's Responsibilities, and in accordance with the applicable financial reporting framework, the Chief Financial Officer is responsible for:

- maintaining proper accounting records;
- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- such internal controls as the Chief Financial Officer determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- assessing Ards and North Down Borough Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting on the assumption that the functions of Ards and North Down Borough Council will continue in operational existence for the foreseeable future, unless the Chief Financial Officer anticipates that the services provided by Ards and North Down Borough Council will not continue to be provided in the future.

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Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit the financial statements in accordance with the Local Government (Northern Ireland) Order 2005 and the Local Government Code of Audit Practice.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud.

My procedures included:

- obtaining an understanding of the legal and regulatory framework applicable to Ards and North Down Borough Council through discussion with management and application of extensive public sector accountability knowledge. The key laws and regulations I considered included the Code of Practice on Local Authority Accounting in the United Kingdom 2025-26, the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 and the Department for Communities' directions issued thereunder;
- making enquiries of management and those charged with governance on Ards and North Down Borough Council's compliance with laws and regulations;
- making enquiries of internal audit, management and those charged with governance as to susceptibility to fraud, their assessment of the risk of material misstatement due to fraud, and their knowledge of actual, suspected, and alleged fraud;
- completing risk assessment procedures to assess the susceptibility of Ards and North Down Borough Council 's financial statements to material misstatement, including how fraud might occur. This included, but was not limited to, an engagement director led engagement team discussion on fraud to identify particular areas, transaction streams and business practices that may be susceptible to material misstatement due to fraud. As part of this discussion, I identified potential for fraud in the posting of unusual journals;
- engagement director oversight to ensure the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with the applicable legal and regulatory framework throughout the audit;

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- documenting and evaluating the design and implementation of internal controls in place to mitigate risk of material misstatement due to fraud and non-compliance with laws and regulations;
- designing audit procedures to address specific laws and regulations which the engagement team considered to have a direct material effect on the financial statements in terms of misstatement, including fraud. These audit procedures included, but were not limited to, reading board and committee minutes, and agreeing financial statement disclosures to underlying supporting documentation and approvals as appropriate;
- addressing the risk of fraud as a result of management override of controls by:
  - performing analytical procedures to identify unusual or unexpected relationships or movements;
  - testing journal entries to identify potential anomalies, and inappropriate or unauthorised adjustments;
  - assessing whether judgements and other assumptions made in determining accounting estimates were indicative of potential bias; and
  - investigating significant or unusual transactions made outside of the normal course of business.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my certificate.

This report is made solely to the Members of Ards and North Down Borough Council in accordance with the Local Government (Northern Ireland) Order 2005 and for no other purpose, as specified in the Statement of Responsibilities of the Local Government Auditor and Local Government Bodies.

Certificate

I certify that I have completed the audit of accounts of Ards and North Down Borough Council in accordance with the requirements of the Local Government (Northern Ireland) Order 2005 and the Local Government Code of Audit Practice.

Brian O'Neill
Local Government Auditor
Northern Ireland Audit Office
106 University Street
BELFAST
BT7 1EU

xx September 2026

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Appendix Three – Implementation of Prior Year Priority One Recommendations

There were no prior year Priority One recommendations.

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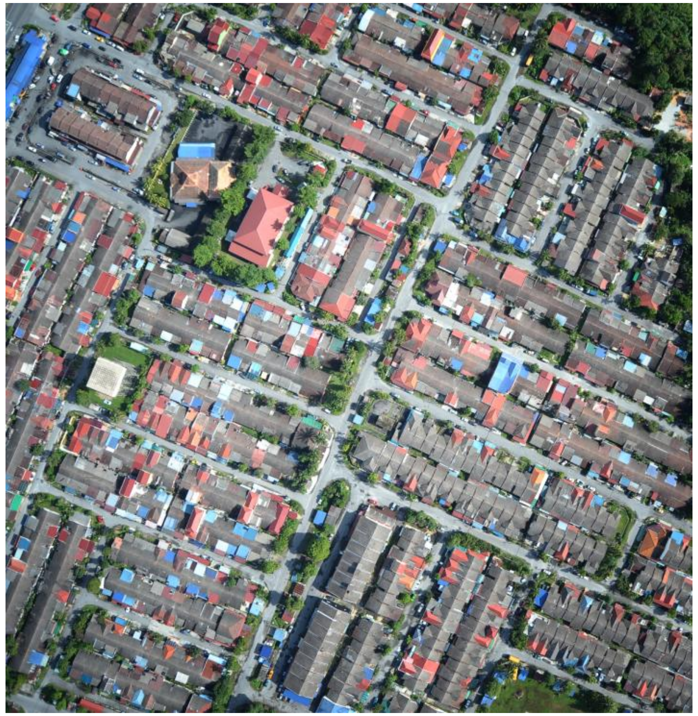
Ards and North Down Borough Council

Audit Committee Draft Progress Report

September 2026

Contents



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Progress to Date

Summary Status of the 2026/27 Plan

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Progress to Date

Summary Status of the 2026/27 Plan

We have begun the delivery of the 2026/27 Plan. An overview of our progress on the 2026/27 Plan (as at 11/09/2026) is set out below:

Final Report / Complete	Draft Report	Fieldwork	Planning	Yet to Commence	Cancelled/ Deferred	Total
1	-	4	2	4	-	11

Since our previous Audit Committee progress report, we have:

- Issued a final draft report for the following review:
  - Performance improvement
- Commenced fieldwork for the for the following reviews:
  - Waste Management
  - Fleet Management
  - Contract management -Leisure Services Contract
  - PCSP
- Commenced planning for the following reviews;
  - Grant Funding/Management
  - HR Grievance Processes

Further detail on reviews is provided in **Appendix I**.

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Final Reports

Summary of Findings Identified

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Final Report

Performance Improvement Review

Background

This assurance review was undertaken as part of the 2026/27 Internal Audit Plan. The purpose of the internal audit was to review Ards and North Down Borough Council's ("the Council") statutory Performance Improvement Process and controls in place to support effective performance improvement management.

Overview

In order to complete this engagement, we used a combination of the following:

- Discussions with key stakeholders involved in the Performance Improvement Process, including Heads of Service, Head of Strategic Change and Transformation Manager.
- Review of key documentation such as policies, procedures, and governance frameworks relating to the Performance Improvement process, including the annual improvement plan, periodic performance monitoring reports, and strategic planning documents.
- Walkthroughs of key processes for identifying performance gaps, developing improvement plans, and monitoring delivery to understand the design and operation of controls.
- Limited sample testing to assess the operating effectiveness of key controls, including testing of performance data accuracy and completeness.
- Consideration of possible improvements or alternatives for the controls in place.
- Reporting of findings with practical recommendations for improvement where appropriate.

Priority 1	Priority 2	Priority 3
-	1	2

Overall Rating

As a result of our audit, a **satisfactory** level of assurance was provided.

Findings

There were no **Priority 1** findings identified during our review.

There was one **Priority 2** finding identified during our review. This can be summarised as follows:

- The Performance Management Handbook does not reflect the actual H1 report review and approval process.

There were two **Priority 3** findings identified during our review. These can be summarised as follows:

- The Performance Management Framework has not been formally reviewed since 2018, and no approval log is maintained.
- One of the objective measures stated a higher investment target in the Performance Improvement Plan, compared with the final approved Service Plan.

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Appendix I

Progress to Date 2026/27

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Progress to Date

Update on Annual Internal Audit Plan – 2026/27

In this section we have provided an overview of our progress regarding the 2026/27 Internal Audit Plan as at 11/09/2026.

Review Area	Sponsor	Planned Days	Audit Status	Assurance Level	Planned Start Date	Actual Start Date	Notes
Quarter 1							
Performance Improvement	Head of Strategic Change	12	Complete	Satisfactory	w/c 29th June 2026	29th June 2026	Final draft report issued 09/09/2026. To be presented to September 2026 Audit Committee.
Quarter 2							
Waste Management	Head of Waste and Cleansing	17	Fieldwork commenced	-	w/c 3rd August 2026	3rd August 2026	Fieldwork commenced 03/08/2026.
Fleet Management	Head of Estates	13	Fieldwork commenced	-	w/c 3rd August 2026	3rd August 2026	Fieldwork commenced 03/08/2026.
Contract management - Leisure Services Contract(s)	Head of Leisure	14	Fieldwork commenced	-	w/c 24th August 2026	24th August 2026	Fieldwork commenced 24/08/2026.
PCSP	Head of Community	5	Fieldwork commenced	-	w/c 7th September 2026	7th September 2026	Fieldwork commenced 07/09/2026.
Quarter 3							
Grant Funding/Management	Head of Finance	13	Planning commenced	-	w/c 12th October 2026	-	Draft terms of reference issued on 04/09/2026.
HR Grievance Processes	Head of HR	12	Planning commenced	-	w/c 27th October 2026	-	Draft terms of reference issued on 09/09/2026.
Facilities Management	Head of Estates	13	Planning to commence	-	w/c 30th November 2026	-	Planning meeting to be arranged for October 2026.
Payroll, Travel and Subsistence	Head of Finance	15	Planning to commence	-	w/c 11th January 2027	-	Planning meeting to be arranged for October 2026.

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Progress to Date

Update on Annual Internal Audit Plan – 2026/27

Review Area	Sponsor	Planned Days	Audit Status	Assurance Level	Planned Start Date	Actual Start Date	Notes
Quarter 4							
LMP	Head of Economic Growth	5	Planning to commence	-	w/c 11th January 2027	-	Planning to commence
Workforce Planning Strategy	Head of Strategic Change	12	Planning to commence	-	w/c 1st February 2027	-	Planning to commence.
Other Areas							
Follow-ups	Head of Finance / HoST	17	Ongoing	n/a	Quarterly	-	In progress for September 2026 Audit Committee.

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Changes to the Internal Audit Plan and AOB

Amendments and AOB to be noted by the Audit Committee

We have completed the Preliminary Review of Leisure Centre Procurement for Synthetic Pitches and reported our findings to the Director of Corporate Service and the Head of Finance.

We have no other business to present however would be happy to discuss any other business that the Council may wish to consider.

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Appendix II

Outstanding Recommendations Update

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Internal Audit have compiled a database of Internal Audit recommendations and seek management updates quarterly for all open recommendations (including any from previous years which remain open) as follows:

- **For Priority 1 findings reported as closed, we conduct testing on the recommendation to confirm closure.**
- **For Priority 2 findings reported as closed, we asked for documentary evidence to support this.**
- **For Priority 3 findings reported as closed, the management update as to whether it is closed (and when) or not is sufficient.**

The results from second quarter update for 2026/27 will be now reported to the Audit Committee.

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Outstanding Recommendations

Update as at 11/09/2026

	Priority 1	Priority 2	Priority 3	Total
Total items remaining open as at last Audit Committee (AC) 18/05/2026	**1**	**25**	**12**	**38**
Items added to tracker since the last AC	-	2	1	3
Issues closed/superseded since the last AC	(1)	(6)	(3)	(10)
Issues risk accepted since the last AC*	-	(5)	(1)	(6)
Total items remaining open as at 08/09/2026	**-**	**16**	**9**	**25**
Items started and overdue	-	3	2	5
Items not started and overdue	-	8	6	14
Items not yet due	-	5	1	6

* We have set out details of the recommendations proposed by management to be risk accepted on the following pages

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Quarterly Follow-Ups Update

Recommendations proposed for risk acceptance

Table showing details of all recommendations proposed for risk acceptance

#	Report Title	Finding	Original Recommendation	Priority	Original Management Response	Original Due Date	Updated Status
1	Travel and Subsistence	The Council is currently operating under legacy policies and two different methods of processing claims, one is manual, and the other is an electronic system called Transfare. Audit was advised that there is currently a paper in draft format which continues to be developed. This paper will form the basis for a single Ards and North Down Travel & Subsistence policy once it is completed and has been reviewed by the necessary departments and committees. Audit was also advised that a new online system “Core 2” is being implemented for processing all claims which is to be in place for 01/04/2019.	ANDBC should finalise a single Travel & Subsistence policy as soon as possible and implement a single method of processing claim submissions, either electronically or manually.	2	A first draft of the key issues for decisions in relation to a new Travel & Subsistence policy has been drawn up for discussion with CLT, HoST and SUMS. Once this has been reviewed and instruction given a clearer path for the policy will become evident. It is hoped the draft policy will proceed through the necessary stages to be implemented for 31/03/2019.	31/03/2019	The Head of Service advised “The development of a single policy is tied to other potential HR related work streams which has delayed this action being cleared. While having two policies may not either be ideal, it does not materially affect the control environment.”
2	Travel and Subsistence	A review has not been carried out within the new Council to determine whether staff are classified correctly as either casual car users or essential car users. Audit found that the Head of Finance is currently gathering information and statistics on travel and subsistence (as part of the paper referred to in Issue 1.) and that as a result any issues revealed (including inaccuracies relating to essential/non-essential car users) will be addressed.	Consideration should be given to prioritising the update of essential car user status to ensure eligibility is being correctly applied given changes that may have occurred in staff roles and locations of work.	2	Establishing the criteria that should be used to determine whether a post is essential user is one of the key issues to be decided upon in establishing the new policy. The review of the key issues draft document by CLT, HoST and SUMS will give clear direction regarding the essential user issue.	31/03/2019	The Head of Service advised “Practice since re-organisation has been that no new posts have been designated as essential car users, unless they already fall into a category that already has this status. This will continue until a new policy is drawn up as stated above..”

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Quarterly Follow-Ups Update

Recommendations proposed for risk acceptance

Table showing details of all recommendations proposed for risk acceptance:

#	Report Title	Finding	Original Recommendation	Priority	Original Management Response	Original Due Date	Updated Status
3	Overtime, Flexi & TOIL	Both the Overtime, Stand By and Call Out Payments and the Flexible Working Arrangements Policies are accessible to Council staff on the Ards and North Down Borough Council intranet, which is accessible for Council employees who have access to a Council computer. We noted the following from our testing in relation to the Policies: • We were advised that not all Council staff have access to a computer. We understand that accessibility of Policy documentation may change with the implementation of the new CORE 2 HR/payroll system later this year, with greater access to communal computers. • New employees should be provided with copies of relevant Policies at their induction by their line manager. We reviewed the Council's induction checklist and noted that the Overtime, Stand By and Call Out Payments Policy is not included. • The Overtime, Stand By and Call Out Payments Policy does not specify a time limit by which employees must claim overtime after it is worked (e.g. must claim overtime no more than one month after overtime has been worked).	Service Management should: 1. The Overtime, Stand By and Call Out Payments Policy should be added to the induction checklist to ensure that all staff, including those without access to a computer, are made aware of the Policy and associated procedures. 2. Consideration should be given to updating the Overtime, Stand By and Call Out Payments Policy to include a specified time limit by which employees must submit their overtime claim form to management for approval.	3	1. Significant issues update added to the agenda for the monthly SUM/HoS meeting. 2. SUMS requested to copy the HoS into each return in relation to monthly significant issues reports and to discuss any problems with the HoS or finance colleagues to ensure a completed return is made.	31/03/2020	The Head of Service advised "This is regarded as a house keeping issue, which may be desirable and not absolutely necessary." **(Please note recommendation point 1 has been closed already).**

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Quarterly Follow-Ups Update

Recommendations proposed for risk acceptance

Table showing details of all recommendations proposed for risk acceptance:

#	Report Title	Finding	Original Recommendation	Priority	Original Management Response	Original Due Date	Updated Status
4	Social Media	a. Strategy and KPI Good practice denotes that a social media strategy(s) is developed that is aligned with other corporate strategies and appropriately communicated, and that metrics are established to monitor the successful implementation and use of social media. We noted the absence of a social media strategy and KPIs either as a stand-alone document or as part of their Service Level Strategy or Annual Plan for the following channels: • AND Leisure Facebook • Visit Strangford Lough Facebook b. Reporting Good practice denotes that periodic reporting on social media activity and engagement is reported to the respective Head of Service and relevant Council Committees for the Service in line with the strategy. We noted that formal reporting on social media activity and engagement is not in place for the following channels: • AND Leisure Facebook • Visit Strangford Lough Facebook	Service Management should: 1. Social media strategy and KPIs (either as a stand-alone document or as part of the annual Service Plan) should be developed for the following channels: - AND Leisure Facebook - Visit Strangford Lough Facebook 2. Formal reporting on social media activity and engagement should be made to the respective Head of Service and relevant Council Committees for the Service for the following channels either as a stand-alone report or reporting as part of the annual Service Plan: - AND Leisure Facebook - Visit Strangford Lough Facebook	2	1. A strategic review of the Visit Strangford Lough Channel commenced in June 2021 to consider its fit with the wider social media strategy. The review will include a monthly engagement report to head of service during that period in the same format as current reporting for Visit AND channels. The strategic review is due for completion in September 2021 and will include recommendations for the long-term future of the channel and any relevant KPIs agreed as required. As this channel was set up jointly with Newry Mourne and Down, a strategic discussion is scheduled in June with Newry Mourne and Down DC key stakeholders to determine their position with regards to the channel. 2. Agree KPIs for leisure page and provide monthly performance report to Operations Manager Leisure	01/09/2021	The Head of Service advised “The Visit Strangford Lough Facebook page is not under the Council’s control, but rather a neighbouring council and despite efforts has not been able to be closed. This risk will therefore be tolerated.” **(Please note this recommendation has been implemented in the AND Leisure Facebook).**

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Quarterly Follow-Ups Update

Recommendations proposed for risk acceptance

Table showing details of all recommendations proposed for risk acceptance:

#	Report Title	Finding	Original Recommendation	Priority	Original Management Response	Original Due Date	Updated Status
5	Community and Culture Service Review	Council Income and Expenditure are grouped into three categories: • Payroll Expenditure • Goods and Service Expenditure • Income The Budgeting Policy specifies: "A variance is significant if actual is more than a set percentage difference from budget and over a de-minimis threshold. These thresholds should be set to explain 80% of the variance of each category and will consequently vary from month to month. Commentary will be expected from budget managers in respect of significant issues." Upon reviewing the Community and Culture Service's Significant Variances Reports for February 2025, we noted that the proportion of variance explanations received fell short of the 80% target, as detailed below: 1. Payroll Variance Explanation Rate = 49.6% 2. Goods and Services Variance Explanation Rate = 55.5% Additionally, we observed several cases (outlined below) where variances were identified but sufficient commentary explaining the reasons for these variances was not provided. We noted that where the variances were "unfavourable", they were considered a significant variance as a percentage.	Service Management should: 1. Ensure that Finance is provided with adequate commentary for all variances which exceed the significant variances threshold. 2. In cases where the 80% explanation target is not met for a given month, Service management should implement a follow up process with line managers to provide commentary on their responsible variance to ensure that the Community and Culture Service are complying with the Budgeting Policy.	2	1. Significant issues update added to the agenda for the monthly SUM/HoS meeting. 2. SUMS requested to copy the HoS into each return in relation to monthly significant issues reports and to discuss any problems with the HoS or finance colleagues to ensure a completed return is made.	30/09/2025	The Head of Service advised "To be risk accepted New financial mgt system now in place and council-wide training will follow." **(Please note this response provides context to recommendation points 1 &2).**

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Back to Agenda

Quarterly Follow-Ups Update

Recommendations proposed for risk acceptance

Table showing details of all recommendations proposed for risk acceptance:

#	Report Title	Finding	Original Recommendation	Priority	Original Management Response	Original Due Date	Updated Status
6	Overtime, Flexi & Toil	We were advised that there is no formal mechanism to monitor hours worked (core hours and overtime) by Council employees against the Working Time Directive (48 hours per week average across a rolling 17 weeks).	The Council should review how to monitor hours worked (e.g. potential for reporting in Core) to ensure that, unless staff have formally opted out, there is compliance with the Working Time Directive.	2	Management will endeavour to configure a reporting routine in the new integrated HR/Employee Payments system currently being implemented.	31/03/2020	The Head of Service advised "it is not possible for the integrated CORE system in its current state to provide this information without considerable expense to the Council. The systems officer has confirmed that this is the case but will look at alternative methods.'

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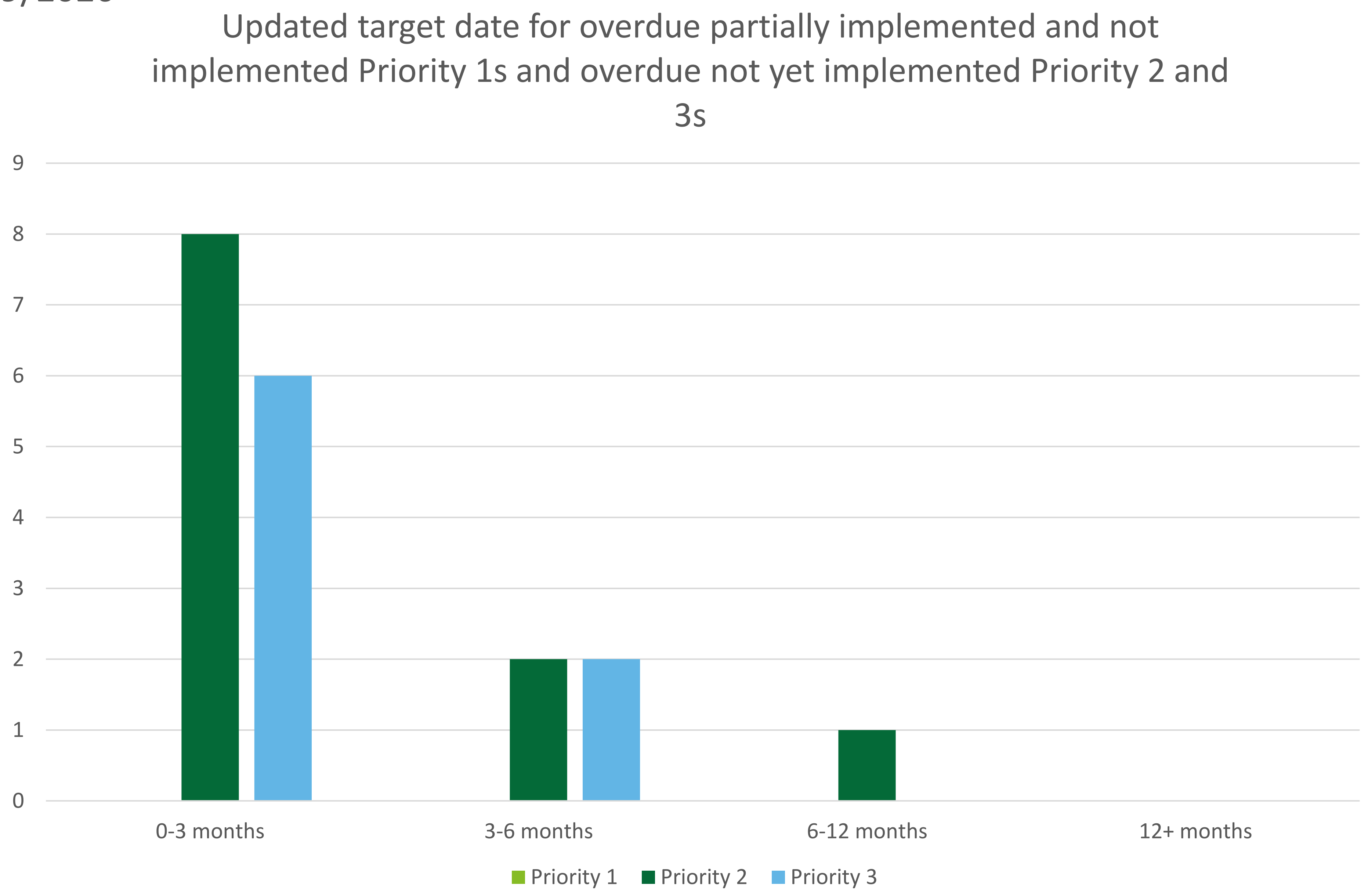
Outstanding Recommendations

Update as at 11/09/2026



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Quarterly Follow-Ups Update

September 2026

Table showing details of all overdue Priority 1 and Priority 2 recommendations :

#	Report Title	Finding	Original Recommendation	Priority	Original Management Response	Original Due Date	Updated Status
1	Procurement	We completed an analysis of individual invoices under £30,000 during the previous 12 months and identified 121 suppliers where the cumulative procurement for a similar service during the year exceeded the £30,000 tender threshold. Among the top 60 of these suppliers by spend, there were four suppliers identified where a competitively tendered contract was not in place. The spend for these 4 suppliers was £105k, £80k, £66k and £62k. We noted that the Procurement Handbook specifies an annual frequency of review by the Procurement Service Unit of cumulative spend to identify areas where competitive tenders should be obtained, but that this was in practice an ad-hoc review due to staff capacity and had not been documented or resulted in a formal report in the previous year.	To support value for money and efficiency in procurement, an analysis of spend should be produced and documented by Procurement on an annual basis, with input sought from budget holders on the feasibility of obtaining corporate contracts / putting out to tender for areas where similar goods or services are obtained.	2	1. The Procurement Handbook outlines an approach for review of spend with responsibility primarily with respective Services, with the Handbook advising for Procurement to be contacted where there are potential tendering opportunities. Corporately, spend is reviewed by the Procurement Manager when resources permit. It's accepted that there would be value in more frequent, formalised and wholesale reviews though the ability to achieve this will be dependent upon resource availability. A previous audit recommended that "Management should consider supporting the current Procurement Unit to allow the issue of corporate contracts to be addressed, potentially leading to ANDBC to make significant savings". A business case was submitted to this end though is not currently provided for in the draft 2020/21 budget due to competing pressures. It is likely this will continue to restrict the ability to realise the full potential of corporate spend reviews. The business case will be reviewed again for the 2021/22 budget process, if not prior to this under the Council's Strategic Transformation and Efficiency Programme, launching in 2020. 2. In addition to the above, any corporate reviews that are carried out on an ad hoc basis during 2020/21 will be documented.	01/12/2020	The Head of Service advised 'No formal review of spend has been undertaken due to limited PSU resources. It is anticipated that a Procurement Officer will be appointed in summer 2026 and a spend review/identification of potential Corporate Contracts will be undertaken in Q3 of 2026..' Updated target date of implementation; **31/12/2026** ~~30/09/2026~~ ~~31/03/2026~~ ~~31/03/2025~~ ~~31/03/2024~~ ~~01/01/2025~~ ~~01/05/2024~~ ~~30/04/2023~~ ~~30/04/2022~~

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Back to Agenda

Quarterly Follow-Ups Update

September 2026

Table showing details of all overdue Priority 1 and Priority 2 recommendations :

#	Report Title	Finding	Original Recommendation	Priority	Original Management Response	Original Due Date	Updated Status
2	HR: Recruitment & Retention	The Council does not have a formal workforce strategy. A number of councils in the United Kingdom produce and publish formal workforce strategy documents setting high-level objectives for recruitment, retention and training of staff, along with analysis of workforce composition, demographic factors, turnover and anticipated future hiring aspirations (e.g. based on transformation projects or key initiatives in the corporate plan). These exercises can provide increased clarity over recruitment and workforce development in a whole-council context and drive improvements through facilitation of forward planning for recruitment and retention projects. Whilst a formal workforce strategy is not in place, HR has drafted a proposal for moving to external advertisement of all posts. During the Council's transformation phase following the merger of North Down Borough Council and Ards Borough Council in 2015, there was an agreed process to allow recruitment via internal trawl in the first instance, to facilitate redeployment of staff within the new structure. For reference, this phase is complete for the majority of Service Units, though we noted that some Service Units have not yet completed the transformation phase and continue to recruit roles internally.	The Council should consider developing a formal workforce strategy which sets out its current status and objectives for recruitment, retention, training and development of staff. This strategy should align with the new Corporate Plan being developed. This could include measures and targets as appropriate for vacancy rates, turnover rates, time to fill positions, sickness absence and workforce composition and high-level structure, and long-term strategy for addressing demands in relation to staffing and talent needs.	2	The Council already has largely set out this information within a variety of documents i.e. Learning and Development Plan, Organisational Development Strategy, Filling of Vacant posts guidelines and HR and OD Service Plan. There is also a draft succession planning document which requires some further scoping out and consultation with trade unions and staff. However, all this information could be brought together into one formal Workforce Strategy. It is proposed that the development of such a Strategy is included in the service plan for 2020/21. 1. Develop a formal workforce strategy which sets out its formal current status and objectives for recruitment, retention, training and development of staff. This will align with the new Corporate Plan. Measures and targets as appropriate will be included as appropriate as outlined in the recommendation.	01/04/2021	The Head of Service advised "The Workforce plan is due to go to Corporate Services Committee and Council in September 2026." Updated target date of implementation: **30/09/2026** ~~31/05/2026~~ ~~31/03/2026~~ ~~31/09/2025~~ ~~31/12/2025~~ ~~31/03/2024~~ ~~30/09/2023~~ ~~01/04/2022~~

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Quarterly Follow-Ups Update

September 2026

Table showing details of all overdue Priority 1 and Priority 2 recommendations :

#	Report Title	Finding	Original Recommendation	Priority	Original Management Response	Original Due Date	Updated Status
3	Grant Funding	A Grants Policy is in place across the Council which outlines the processes for awarding grant funding through an open call process. This policy does not apply to grants administered through SLAs and we were advised that there is currently no documented policy to provide guidance over the processes to be followed in the administration of grants through SLAs. Due to an absence of documented policy, we identified the following in relation to grants administered via SLAs: 1. Reconciliation of SLA Expenditure • SLA expenditure incurred by beneficiaries is not reconciled to supporting receipts and/or bank statement extracts and therefore there is no way of ensuring funds were spent in line with the SLA conditions. • We noted that the Service Level Agreement (SLA) states that charges payable by the Council will be reviewed after the initial three-month SLA period. However, we were unable to obtain evidence of a review of SLA charges. • In addition, we were unable to evidence a breakdown of spend within the final monitoring form submitted by any of the three sampled SLA administered grants.	The Council should ensure that a policy is developed to outline the processes to be followed when administering financial contributions via SLAs including the following: 1. The process to ensure that all SLA financial contribution claims are summarised and reconciled to original receipts, invoices, and bank statements to ensure funds are spent in line with grant conditions. 2. Guidance on administering advance payments through SLAs, including guidance on the amount to be distributed and any supporting documentation to be obtained.	2	1. A financial assistance policy will be developed for approval by Council. 2. The award was not a grant but a financial contribution. Going forward details of how advance payments will be made will be included in the financial assistance policy and in the SLA.	31/03/2023	The Head of Service advised “Work has commenced on drafting a financial assistance policy.” Updated target date of implementation; 31/12/2026 ~~01/03/2026~~ ~~30/09/2025~~ ~~01/01/2026~~ ~~01/03/2025~~ ~~30/09/2024~~ ~~30/09/2023~~

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Quarterly Follow-Ups Update

September 2026

Table showing details of all overdue Priority 1 and Priority 2 recommendations :

#	Report Title	Finding	Original Recommendation	Priority	Original Management Response	Original Due Date	Updated Status
3	Grant Funding	2. Advance Payment Guidance • There is currently no guidance in relation to the payment and administration of advance payments for grants managed through SLAs, including guidance on percentage payment thresholds and documentation requirements for advance payments. For example, the Council Grants Policy outlines that written requests and supporting documentation (e.g., an up-to-date bank statement) should be submitted by beneficiaries when requesting advances, and documents guidance on the maximum advance percentages to be administered. • In addition, we noted that there is no agreed percentage of advance noted in the SLA, with the two SLAs for the Covid 19 Food Partnership Fund receiving different advance percentages. • We were advised by Management that written requests are not obtained for SLA administered funds as the Council agreed with the organisations that they would be paid a percentage upon signing the SLA and the remaining balance when they submitted their report. We were further advised that advance payments were negotiated with SLA organisations. However, we were unable to obtain a documented process to be followed to verify that the correct process had been adhered to.	*See previous slide.*	2	*See previous slide.*	31/03/2023	*See previous slide.*

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Quarterly Follow-Ups Update

September 2026

Table showing details of all overdue Priority 1 and Priority 2 recommendations :

#	Report Title	Finding	Original Recommendation	Priority	Original Management Response	Original Due Date	Updated Status
4	IT General Controls	Privileged access on Core HR is made up of three different categories: Payroll access, HR access and Security access. 1.During our review, it was identified that two accounts, one end-user and one generic account, have privileged level access to both Payroll and Security menus resulting in a Segregation of Duties conflict. While management confirmed there are manual monitoring controls in place within the business to detect unauthorised actions, having both IT and Business privileged access does not adhere to best practice guidelines. 2.It was also noted during our review that there is no formal procedure in place to review privileged level users' access on Core HR to ensure that they are appropriate and aligned with the user's job responsibilities on a frequent basis. While management informed Deloitte this process takes place on an ad-hoc basis, there is no formal procedure and formal documentation is not maintained of this review.	In Line with ISO27001:2002 5.18 Access Rights, Management should: 1.Define and implement a Segregation of Duties Matrix, highlighting what roles can and cannot be assigned to Core HR users. 2.Implement a review control to ensure privileged users on Core HR are assigned appropriate access rights for their job duties. This review should include: •A formally documented review control procedure outlining the steps and personnel involved in conducting the review: •A review of both users with privileged level access to Core HR and what access rights these users are assigned. An SOD matrix can be used in the review to ensure no Segregation of Duties Conflicts exist within the application. •Controls to ensure no user is signing off on their own access as part of the review. •Formally documented evidence of the review to act as an audit trail.	2	1. Agreed 2. Formal review control procedure will be put in place.	30/09/2024	The Head of Service advised "This work is ongoing." Updated target date of implementation; **31/09/2026** ~~31/12/2025~~ ~~30/09/2025~~ ~~01/03/2025~~ ~~30/09/2024~~

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Back to Agenda

Quarterly Follow-Ups Update

September 2026

Table showing details of all overdue Priority 1 and Priority 2 recommendations:

#	Report Title	Finding	Original Recommendation	Priority	Original Management Response	Original Due Date	Updated Status
5	Information and Data Protection Review	We reviewed Council's Data Protection Policy, Information Access Policy, and the Retention and Disposal Schedule and identified the following: 1. Data Protection Policy: • The Data Protection Policy has passed its next review date of June 2024, with the last review date being August 2021. Management advised that the review would be carried out following the completion of Internal Audit to include any recommendations made. • The policy does not include the UK GDPR requirement to maintain a RoPA. • The policy does not outline permitted methods of disclosing information to the requestor when the Council receives a Subject Access Request (SAR) - for example via email or links provided by the Police Service of Northern Ireland (PSNI). 2. The Information Access Policy is required to be reviewed every 3 years. We identified that the policy was last reviewed and approved by the Council in 2017. Management advised that the existing policy is updated and currently going through Trade Union consultation process. Following this it will be presented to the Council for approval. 3. The Retention and Disposal Schedule has not been reviewed since 2016. We identified that the current schedule does not capture the date of last review or date of Council approval. We also note that the policy does not reference relevant legislation and guidelines, standards, or frameworks, such as the UK GDPR 2018 and DPA 2018.	The Council should ensure that: 1. The Data Protection Policy should be reviewed and updated to include permitted methods of sharing information with the requestor. 2. The Information Access Policy and the Retention and Disposal Schedule should be reviewed and updated to include reference to relevant legislation and guidelines, standards, or frameworks, such as the UK GDPR 2018 and DPA 2018. 3. The Retention and Disposal Schedule should be reviewed and updated to include version control mechanisms which record the policy approver, approval date and the date of the next review.	2	1. The Data Protection Policy has been reviewed and updated to include permitted methods of sharing information with the requestor. 2. Information Access Policy is awaiting ratification by December Council. This will include all the recommendations. 3. Retention and Disposal Policy is currently under review and will include all the recommendations. This will be done as part of the Council's move to an EDRMS.	31/05/2025	The Head of Service advised "A Regional Retention and Disposal Schedule has not been possible; however 5 Councils are aiming to align their own versions , with minor differences. Once completed this will go to PRONI and the Assembly for sign off. This will include version control mechanisms which record the policy approver, approval date and the date of the next review in line with the Councils Policy Development Process. - aiming for providing to PRONI for approval by October 2026." Updated target date of implementation; **30/11/2026** ~~30/09/2026~~

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Quarterly Follow-Ups Update

September 2026

Table showing details of all overdue Priority 1 and Priority 2 recommendations :

#	Report Title	Finding	Original Recommendation	Priority	Original Management Response	Original Due Date	Updated Status
6	Governance Framework	1. The Council has defined and implemented a suite of policies, procedure documents and guidance materials to support its governance framework. From our review of these, we identified the following: a. Gifts and Hospitality Policy – Council Staff: this Policy was last reviewed on 25th November 2015. There is no version control, including Policy review process. b. Gifts and Hospitality Policy – Elected Members: this Policy was last reviewed in December 2016. There is no defined Policy review process. c. Declaration of Interest Policy and Procedure (Employees) – the Policy and Procedure document makes reference to a requirement for employees paid at National Joint Council (NJC) scale point 29 to declare their interest annually. However, in practice, only officers at or above NJC Scale point 24 are required to declare their interest annually. Management advised that the scale point was nationally changed from 29 to 24. 2. We also noted there is no defined period for review of the Council's Standing Orders.	The Council should ensure that: 1. Policies, procedure documents and guidance materials outlined in the finding are updated to accurately reflect current approved processes and requirements relating to the Council's Governance Framework. 2. The documents outlined in the finding are updated to define a version control section, owner and approver. 3. The Council should document and implement a review period for the Council's Standing Orders.	2	1. Policies, procedure documents and guidance materials outlined in the finding will be updated to accurately reflect current approved processes and requirements relating to the Council's Governance Framework. 2. The documents outlined in the finding will be updated to define a version control section, owner and approver. 3. The Council has documented and implemented a review period for the Council's Standing Orders.	30/09/2025	The Head of Service advised "The Declaration of Interest Policy has been updated and place on ANDI to reflect the correct NJC points." Updated target date of implementation; **30/09/2026**

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Quarterly Follow-Ups Update

September 2026

Table showing details of all overdue Priority 1 and Priority 2 recommendations :

#	Report Title	Finding	Original Recommendation	Priority	Original Management Response	Original Due Date	Updated Status
7	Lease Management Review	We selected a sample of 15 Council properties currently leased to determine that they were approved in line with the Policy, and stored securely. We were unable to obtain evidence of a signed agreement for 1/15 lease agreements. Section 9.3.1 of the Council's Land and Property Policy requires lease agreements to be countersigned by the Mayor and the Chief Executive. Management advised that the lease agreement was dated 2014 and would likely have been signed, however it may have been misplaced during the process of transitioning to electronic storage of lease agreements.	The Council should ensure that all lease agreements are signed per the Land and Property Policy. Signed agreements should be retained and stored securely.	2	The licence audited is due for renewal and will be signed in accordance with policy if a renewal is approved by the Council. There has been a change in staff since this licence was finalised and all licences are signed in accordance with the current Land and Property policy.	31/03/2026	The Head of Service advised "Renewal in progress. Therefore, not pursuing the expired license signature. Renewal to be provided once finalised" Updated target date of implementation; **30/09/2026**

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Back to Agenda

Quarterly Follow-Ups Update

September 2026

Table showing details of all overdue Priority 1 and Priority 2 recommendations :

#	Report Title	Finding	Original Recommendation	Priority	Original Management Response	Original Due Date	Updated Status
8	Staff Performance Management review	a. We selected a sample of five reports on Employee Appraisals from Services to relevant Council Committees (June and December 2024) and identified 2/5 instances (Leisure and Community Planning – December 2024 reporting) where the Services reported 0% completion status for Employee Appraisals in the relevant Service. We identified that the data within the reports above is inconsistent with a mid-year completion status report (date 12 June 2024) issued to Services by Human Resources and Organisational Development, which outlined that 57 out of 127 (45.6%) Employees in Leisure and all two Employees in Community Planning, had completed their Appraisals. We also identified the following: b. There is currently no report prepared on the status of Council wide completion of Employee appraisals at the end of the appraisal cycle between September 2023 – March 2025. There is also no current requirement for submission of such reports to the Senior Management or the Council/ Council Committee on the status of Council wide completion of Employee appraisals. c. There is no automated mechanism for the capture and collection of operational employee appraisal data as well as the monitoring and reporting of employee appraisals completed outside of the Core platform (i.e. staff who complete appraisals via the jot form process). Currently, the employee appraisal completion data is manually counted by the Organisational Development team.	We recommend that: 1. The Services report up to date completion status of Employee Appraisals to their relevant Service Council Committee every 6 months. 2. A process is developed and implemented for the Organisational Development team to provide the Employee appraisal completion status data to be included in the 6-Month KPI reporting for each Service. 3. One digital form for desk based and operational employees should be considered for implementation, to support the accurate collection, monitoring and reporting of completion statuses of employee appraisals. 4. A quality assurance process is implemented to ensure accuracy of the Employee Appraisal completion status data presented by each Service to the relevant Council Committees. 5. Where a manual process is used, criteria for the calculation of the completion status of Employee appraisals is implemented across the Council. 6. An overall annual report is prepared and presented to Corporate Leadership Team or the Council/ Council Committee on the status of Council wide completion of Employee appraisals, post appraisal cycles. 7. There is periodic reporting on Employee Appraisals completion to the Line Manager, Heads of Service Team and the Corporate Leadership Team.	2	1. The Organisational Development Service will provide accurate completion status data to HoST to ensure accurate statistics are provided to Committee and Council every 6 months. 2. Due to the difficulties experienced with completing appraisals on both the Core system and online Jot Form tool, the OD Service intends to review the current digital forms used for both the Appraisal and Review with the aim of sourcing one digital form for the Appraisal and one digital form for the Review for all employees. The new digital form will provide accurate completion status data for all employees. This can then be provided on a regular basis to both management and Committee and Council, as required. 3. The new digital form for Appraisal and Review for all employees will support the accurate collection, monitoring and reporting of completion statuses of employee appraisals. It will also provide accurate completion status data for all employees. This can then be provided on a regular basis to both management and Committee and Council, as required.	01/04/2025	The Head of Service advised: 6. The OD Service will ensure an overall annual report is prepared and submitted to Heads of Service Team, Corporate Leadership Team and Committee/Council on the status of Council wide completion of Employee appraisals, post appraisal cycle (May annually). 7. The digital Jotform process provides accurate completion status data for all employees. The OD Service will ensure that a plan is agreed to ensure periodic reporting on Employee Appraisals completion status to the Line Manager, Service Unit Managers, Heads of Service Team and the Corporate Leadership Team (October and April). **(Note points 1-5 have been validated as closed)** Updated target date of implementation; **31/05/2027** ~~30/04/2026~~

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Quarterly Follow-Ups Update

September 2026

Table showing details of all overdue Priority 1 and Priority 2 recommendations :

#	Report Title	Finding	Original Recommendation	Priority	Original Management Response	Original Due Date	Updated Status
8	Staff Performance Management review	d. There is no formal process for the Organisational Development team to provide the Employee appraisal completion status data to be included in the 6-Month KPI reporting for each Service. Management advised that Heads of Service contact the Organisational Development team for the data on an ad-hoc basis, or the Heads calculate the completion status based on the reports they receive from the Organisational Development team in the year. e. In instances where completion status data is calculated by the Service, there is no quality assurance process of the accuracy of the Employee Appraisal completion status data presented by each Service to the relevant Council Committees. f. There is no formalised criteria for the calculation of the completion status of Employee appraisals for each Service. Management advised that there are instances where some Services exclude staff on maternity leave, sick leave or other forms of absences, in their calculation of the completion statuses. g. There is no formal requirement for monitoring and reporting on Employee Appraisals to the Line Manager, Heads of Service Team and the Corporate Leadership Team.	*See previous slide.*	2	4. A quality assurance process will be implemented to ensure accuracy of the Employee Appraisal completion status data presented by each Service to the relevant Council Committees. 5. A manual process will no longer be used. One digital process will be used for all employees containing standard criteria for the calculation of the completion status of Employee appraisals across the Council. 6. An overall annual report will be prepared and submitted to Heads of Service Team, Corporate Leadership Team and Committee/Council on the status of Council wide completion of Employee appraisals, post appraisal cycles. 7. The new digital form will provide accurate completion status data for all employees. A plan will be agreed to ensure periodic reporting on Employee Appraisals completion status to the Line Manager, Service Unit Managers, Heads of Service Team and the Corporate Leadership Team.	01/04/2026	*See previous slide.*

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Quarterly Follow-Ups Update

September 2026

Table showing details of all overdue Priority 1 and Priority 2 recommendations :

#	Report Title	Finding	Original Recommendation	Priority	Original Management Response	Original Due Date	Updated Status
9	Use of agency Workers Policies and Processes	The Council receives updates from each of their three agencies. These updates include details such as: - Current listing of Agency workers and their positions held within the Council. - Hourly rate for workers - Council assigned line managers. - Agency worker start dates and their agreed end date (if applicable) We noted during the review that the Council do not utilise this information when reporting to the CLT. The CLT receive the total monthly cost of Agency workers, however, there are no defined reporting requirements for updates on the use of Agency workers, such as the number of Agency workers currently working in the Council, total hours worked by Agency workers and associated costs with Agency workers.	The Council should establish clear and defined regular reporting requirements for updates to the CLT regarding the use of Agency workers. This should include regular reports on the number of Agency workers, total hours worked, and associated costs. The Council should break this down to cost per Service, if possible.	2	HR will work with Finance to develop an agency worker report for CLT	30/06/2026	The Head of Service advised "In progress, HR have met with the Head of Finance to discuss, Head of Finance awaiting better quality data from the CIA system before reporting to CLT." Updated target date of implementation; **01/11/2026** ~~30/06/2026~~

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Quarterly Follow-Ups Update

September 2026

Table showing details of all overdue Priority 1 and Priority 2 recommendations :

#	Report Title	Finding	Original Recommendation	Priority	Original Management Response	Original Due Date	Updated Status
10	Digital Service Governance Review	The current Information, Communication and Technology (ICT) policy was last updated and reviewed in June 2016. We identified that the approved policy is not up to date with best practice however supporting procedures were provided that management advised have been implemented to address the gaps. A new, replacement policy has been developed but is still in draft. We understand that this is currently in review within the Council with the intention that it will be implemented following this audit. We reviewed this draft Information Security and ICT Management Policy and identified the following gaps: 1. Processes around digital asset tagging on acquisition of IT equipment, as well as detailed process for ongoing inventory monitoring and periodic reconciliation of digital assets; 2. We note that reference is made to business continuity plans (BCP - section 6.3) and incident response and recovery (section 6) however neither the Council's BCP or IT DRP is not referenced; 3. Council's Acceptable Usage Policy (detailing guidelines for use of IT resources) is not outlined/defined within the Policy. We note that there is no documented terms of use (i.e. acknowledgement of acceptable use rules) and no documented processes for managing non-compliance with rules identified by Digital Services via monitoring of user activities. We note that the draft Policy includes a section on Identity and Access Management, we identified the following areas which have not yet been detailed:	Management should: 1. Finalise and approve the new ICT policy currently being reviewed as soon as possible. 2. Develop/finalise separate policies, or add in to the new ICT policy, the following areas: a. IT asset management, specifically digital asset tagging and digital inventory recording and monitoring processes; b. Reference to existing Council BCP and IT DRP; c. Acceptable usage policy; d. Areas identified in the finding related to user access and privileged access review processes	2	1. Finalise the Information Security and ICT Management Policy, incorporating: Digital asset tagging, inventory maintenance, and reconciliation processes. Clear reference to the Council's BCP and IT DRP. A formal Acceptable Use Policy including user responsibilities and non-compliance procedures. Documented user access and privileged access review processes (scope, frequency, ownership, and required checks). Submit the final policy to the DDGB for approval. 2. Develop or update supporting SOPs where needed.	31/07/2026	The Head of Service advised "The Information Security and ICT Management Policy has been issued (in draft) for consultation and will go to October Committee and Council for sign-off. The additional areas have been incorporated within the revised Information Security and ICT Management Policy." Updated target date of implementation; **31/10/2026** ~~30/08/2026~~

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Quarterly Follow-Ups Update

September 2026

Table showing details of all overdue Priority 1 and Priority 2 recommendations :

#	Report Title	Finding	Original Recommendation	Priority	Original Management Response	Original Due Date	Updated Status
10	Digital Service Governance Review	4. Lack of documented user access review process including: • User access reviews being conducted on all active user accounts, including temporary and contractor accounts; • Responsibility for conducting user access reviews and required frequency of reviews; and • Checks reviewers must complete (e.g. confirmation access rights are still appropriate, modification/revocation of access rights based on role changes etc). 5. Lack of documented privileged access review process including: • Definition of what constitutes privileged access (e.g. system administrators); • Responsibility for conducting privileged access reviews and required frequency of reviews; and • Periodic monitoring processes undertaken of privileged account activity logs. We also noted that, with the exception of the above, the gaps we had identified in the current policy during fieldwork, and for which there are only procedure documents, have been updated in the new draft policy.	*See previous slide.*	2	*See previous slide.*	31/07/2026	*See previous slide.*

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Back to Agenda

Quarterly Follow-Ups Update

September 2026

Table showing details of all overdue Priority 1 and Priority 2 recommendations :

#	Report Title	Finding	Original Recommendation	Priority	Original Management Response	Original Due Date	Updated Status
11	Digital Service Governance Review	No specific Digital / IT risk register Whilst we noted that the Strategic Transformation and Performance risk register includes digital / IT risks with action items, we identified there is no risk register in place to capture IT-specific risks such as hardware failures, software vulnerabilities, system change management etc. Gaps in System Mandatory Control Set We reviewed the Council's documented draft Mandatory Control Set which outlines the controls in place for Council-managed systems, services and technology resources. We identified the following gaps: 1. There are no assigned control owners, therefore it is not always clear who is responsible for implementing the outlined controls. Additionally, where users are required to report incidents, there is no mention of who these should be reported to, or cross-reference to existing procedure regarding incident reporting. 2. Identity and Access Management controls that have not been included in the draft Mandatory Control Set: a. Privileged access management (PAM) controls for administrative or high-level accounts. b. Controls around account lockout after failed login attempts to prevent brute force attacks. 3. Device and Endpoint Security controls: a. Regular vulnerability scanning or device health attestation before network access. b. There is no reference to secure disposal or data cleansing of devices at end of life.	The Council should: 1. Implement a dedicated digital/IT-specific risk register, which captures identified digital/IT risks. For each identified risk, the risk assessment/scoring (including inherent risk scoring, residual risk scoring and acceptable/target risk scoring) and controls in place to mitigate risks (e.g. firewalls, encryption, access controls, patch management, back-up procedures) should be outlined in detail, as well as due dates for any identified actions. This risk register should be reviewed and updated regularly, in line with existing Council risk management processes. 2. 2. Document within the existing Mandatory Control Set document, control owners and outlined processes per finding 2(a-b) and 3(a-b).	2	1. Develop and implement a dedicated Digital/IT Risk Register covering: Hardware, software, cyber, operational, and service delivery risks. Inherent, residual, and target risk scoring. Existing and planned mitigating controls. Named owners and review timelines. Integrate the risk register with the Corporate Risk Management Framework and review quarterly at DDGB. 2. Update the Mandatory Control Set to: Assign control owners for each control area. Add processes for incident reporting, PAM controls, account lockout standards, vulnerability scanning expectations, and secure device disposal.	31/08/2026	The Head of Service advised "The Information Security and ICT Management Policy has been issued (in draft) for consultation and will go to October Committee and Council for sign-off. The additional areas have been incorporated within the revised Information Security and ICT Management Policy." Updated target date of implementation; **30/09/2026** ~~30/08/2026~~

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Appendix III

Statement of Responsibility

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Statement of Responsibility

We take responsibility for this report which is prepared on the basis of the limitations set out below. The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. This report is not based on an attest engagement. We have relied on information provided by Ards and North Down Borough Council's management, and we do not accept responsibility for such information and have not performed any substantiation or external confirmation procedures to establish its accuracy or completeness.

Recommendations for improvements should be assessed by the you (Ards and North Down Borough Council) for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices. We emphasise that the responsibility for a sound system of internal controls and the prevention and detection of fraud and other irregularities rests with management and work performed by us should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify all circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud.

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Ards and North Down Borough Council

Review of Performance Improvement – Final Draft Report

September 2026

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Contents

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1. Overview

1.1 Introduction

The 2026/27 Annual Internal Audit Plan includes provision for an assurance review of the Council's statutory Performance Improvement Process and the controls in place to support effective performance improvement management.

1.2 Process Overview

The process overview below is based on our understanding gained during the review and is based on the limitations set out in Section 3.

The Council has a statutory duty under the Local Government Act (Northern Ireland) 2014 to publish a Performance Improvement Plan (PIP) each year, by 30 June, that sets Performance Improvement objectives that Council wants to improve for people living and working in the Borough during the year ahead.

The Council has established a Performance Improvement Governance Framework and processes to identify performance gaps, develop annual improvement plans, and monitor delivery against agreed targets to ensure that the Council operates effectively, demonstrates value for money, and meets its statutory obligations.

Governance and Accountability

The Council operates a performance management framework called PERFORM, comprising seven integrated segments: Plan, Engage, Resource, Focus, Operate, Relate, and Manage. The PIP is developed annually and creates a direct link between Service activities and the Corporate Plan 2024-2028 priorities. The PIP has set out four improvement objectives aligned to the Corporate Plan's three priorities (Economic, Environmental, and Social) and a corporate-wide objective for high-performing organisation status.

Each PIP objective has one Senior Responsible Owner (SRO) assigned, to ensure clear ownership and accountability. Roles and responsibilities for performance improvement are defined within the Council Performance Improvement and Service Planning handbook and communicated via email. Heads of Service are responsible for identifying performance improvement measures within their Service Plans and achieving identified performance measures by the end of the financial year. Directors sign off on Service Plans, oversee monitoring of Key Performance Indicator (KPI) achievement, and approve six-monthly update reports reflecting KPI status. The Corporate Leadership Team (CLT) reviews draft Performance Improvement Plan provides feedback on missing measures or identifies gaps where important before finalisation.

Development of Performance Improvement Plan

The PIP is developed based on the performance improvement measures identified within individual Service Plans during the annual service planning process. Heads of Service identify performance improvement objectives and measures within the Service Plans, which are then extracted by the Transformation Team to form the basis of the first draft of the PIP. The draft PIP is circulated to Heads of Service for review and confirmation that their measures are accurately reflected.

This report is intended solely for the information and internal use of Ards and North Down Borough Council and should not be used or relied upon by any other person or entity.

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Service planning and budget setting processes are conducted in parallel to ensure Services consider both what they need to deliver and what budget is required. Consultation is conducted through an online survey and focus groups, with an external consultant engaged annually to perform analysis, deliver focus groups, and produce a detailed consultation report. The gap identification process is covered through the Service Planning Process, which incorporates a mandatory Strength Weakness Opportunities Threats (SWOT) and Political Economic Social Technological Legal Environment (PESTLE) analysis for each Service. Heads of Service and Service Unit Managers, in liaison with their teams, carry out a review of current operations to identify any changes (Stop, Start, Pause) or improvements required to service delivery. Targets are set by individual Services based on their operational capacity and strategic priorities. Once approved as part of the Service Plan, objectives are locked in and cannot be changed without going back to the relevant Council Committee for the Service for approval. All performance measures must be expressed as either a percentage or a number, as defined in the Service Plan Guidance Notes.

Monitoring and Reporting on Delivery of the Performance Improvement Plan

The Ideagen system serves as the central repository for all performance data related to the PIP. Heads of Service input actual performance data into the system, which automatically generates RAG (Red, Amber, Green) status based on predefined thresholds as per the Handbook. Half yearly performance reports (Half Yearly - H1 and H2) are prepared by the Transformation Team with defined deadlines covered in the Performance Management Handbook. In December, all Services provide an update on respective performance objectives, and a H1 report on the PIP is submitted to the December Corporate Services Committee. The H2 report forms part of the PIP Annual Self-Assessment Report which is presented to September Corporate Services Committee.

The H1 and H2 reports consolidate data from all Services, providing a consolidated view of performance across all services against the corporate priorities, including narrative explanations for underperformance, and tracking progress against the four improvement objectives.

1.3 Scope and Objectives

The scope of this internal audit included a review of the governance and controls in place for the development and implementation of the Council's Performance Improvement Process.

Governance & Accountability

- Determine whether there is an adequate framework in place to support the Council's statutory performance improvement objective.
- Determine whether roles and responsibilities for performance improvement are clearly defined and communicated across the Council Leadership Team and the Services.
- Assess the oversight mechanisms for approving and monitoring Council's statutory Performance Improvement Plan.
- Assess how Council's strategic priorities from the Big Plan and the Corporate Plan are integrated in the Performance Improvement Plan.

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Development of Improvement Plan

- Assess the processes for developing the annual Performance Improvement Plan, including identification of performance gaps/improvement areas, stakeholder consultation and alignment with Council strategic objectives.
- Ascertain whether clear improvement objectives and SMART targets are set out within the plan.

Monitoring and Reporting on Delivery of the Improvement Plan

- Assess the controls for monitoring progress against the Performance Improvement Plan.
- Ascertain whether mechanisms are in place for addressing delays, obstacles, or underperformance in delivering improvement actions.
- Assess whether performance reporting to senior management and the Council is accurate.
- Ascertain whether controls are in place for accurate reporting against the Performance Improvement Plan.

1.4 Approach

In order to complete this engagement, we used a combination of the following:

- Discussions with key stakeholders involved in the Performance Improvement Process, including Heads of Service, Head of Strategic Change and Transformation Manager.
- Review of key documentation such as policies, procedures, and governance frameworks relating to the Performance Improvement process, including the annual improvement plan, periodic performance monitoring reports, and strategic planning documents.
- Walkthroughs of key processes for identifying performance gaps, developing improvement plans, and monitoring delivery to understand the design and operation of controls.
- Limited sample testing to assess the operating effectiveness of key controls, including testing of performance data accuracy and completeness.
- Consideration of possible improvements or alternatives for the controls in place.
- Reporting of findings with practical recommendations for improvement where appropriate.

Our sole source for information has been management information and representations. We do not accept responsibility for such information and have not performed any substantiation or external confirmation procedures to establish its accuracy.

Our work was performed in accordance with the Deloitte Internal Audit Methodology which is consistent with the standards of the Chartered Institute of Internal Auditors. Our work was carried out during July and August 2026.

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1.5 Summary of findings

In **Section 2,** we have set out our detailed findings and recommendations arising from our review. Our findings have been graded using the scale outlined in **Appendix 1.**

The number of findings by risk grade can be summarised as follows:

Priority 1	Priority 2	Priority 3
-	1	2

There were no **Priority 1** findings identified during our review.
There was one **Priority 2** finding identified during our review. This can be summarised as follows:

- The Performance Management Handbook does not accurately reflect the actual H1 report review and approval process. **(Section 2.1)**

There were two **Priority 3** finding identified during our review. This can be summarised as follows:

- One of the objective measures stated a higher investment target in the Performance Improvement Plan, compared with the final approved Service Plan. **(Section 2.2)**
- The Performance Management Framework has not been formally reviewed since 2018, and no approval log is maintained. **(Section 2.3)**

Full details of the issues may be found in **Section 2** of this report.

1.6 Conclusion

Overall, there is a satisfactory system of governance, risk management and control. While there may be some residual risk identified, this should not significantly impact on the achievement of system objectives.

Consequently, on the basis of the Internal Audit work undertaken, we have given a **satisfactory** level of assurance that the system objectives will be achieved. Refer to **Appendix I** for a definition of the assurance level given.

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2. Detailed findings and recommendations

2.1. Clarity of review process for half yearly reports

Finding	Recommendation	Priority
The Performance Handbook states that Corporate Leadership Team shall review and send the Performance Improvement Half Yearly report to the Corporate Services Committee and the Council for review. However, the Half Yearly (H1) report is reviewed and approved by the Head of Strategic Change and Director (rather than full CLT) prior to submission to the Corporate Services Committee. The Performance Management Handbook sets out the review process for the Half – Yearly and End of Year Performance reports. We noted that the wording related to the review of the Half Yearly (H1) report does not clearly reflect the current process. **Impact** As the Performance Improvement Plan forms part of the Council's statutory requirements, inaccuracies may result in incorrect information being publicly reported.	Council should update the wording in the Performance Management Handbook to reflect the actual Half Yearly review process, including the relevant approvals from the Head of Strategic Change and Director prior to submission to the Corporate Services Committee.	Priority 2

Management response		
Action Plan	**Owner/ Title**	**Target Date of Implementation**
Performance Management Handbook updated to reflect current approved process – no further action required.	Transformation Manager	Completed

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2.2. Accuracy and Validation of Performance Improvement Plan Information

Finding	Recommendation	Priority
The PIP development and reporting process includes review at multiple stages prior to submission for approval and ratification by the Council. We noted however through our sample testing that the PIP 2025 – 26 states a proposed measure - *Invest £30,000 in 'In Bloom' Projects* led by the Parks & Cemeteries Service; whereas the correct target was £26,000. The correct amount was reflected in the Parks & Cemeteries Service Plan and subsequent reports presented to the relevant Council Committees. **Impact:** The absence of a formal review and approval process may result in inaccurate or incomplete Performance Improvement Plan reports being submitted to the Corporate Services Committee.	Council should ensure that PIP figures are cross-checked after all Service Plans have been approved and finalised, and before the PIP is published, to ensure accurate alignment of measures.	Priority 3

Management response		
Action Plan	**Owner/ Title**	**Target Date of Implementation**
Following Council approval of Service Plans in March each year, a cross-checking exercise will be conducted by the Transformation Manager and incorporated into the Performance Improvement Plan development process moving forward.	Transformation Manager	April 2027 onwards

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2.3. Absence of regular review of Performance Management Framework

Finding	Recommendation	Priority
We noted that the Performance Management Framework has not been reviewed since it was developed in September 2018. Additionally, we noted that, whilst the Performance Management Handbook has been updated periodically to reflect changes in practice, it does not include an approval log documenting the dates of review and approval. **Impact:** There is a risk the Framework is no longer fully aligned to current processes and governance arrangements. This may lead to inconsistent application of requirements and reduced clarity for users.	Council should: 1. Establish a periodic review cycle (e.g., aligned with the Corporate Plan review every 4 years or when significant changes occur) of the Performance Management Framework. 2. Include a version control log on both the Framework document and Handbook including date of last review, approver and date of next review.	Priority 3

Management response		
Action Plan	**Owner/ Title**	**Target Date of Implementation**
1. The development of Council's Corporate Plan 2028–2032 will include a review of the Performance Management Framework to ensure continued monitoring and alignment with strategic priorities.	Transformation Manager	Implementation from April 2028 (New Corporate Plan cycle)
2. Version control details amended on Handbook to include date of last review, approver and date of next review. Version control added for Framework also. No further action required.	Transformation Manager	Completed

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3. Statement of Responsibility

We take responsibility for this report which is prepared on the basis of the limitations set out below. The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. This report is not based on an attest engagement. We have relied on information provided by Ards and North Down Borough Council's (You) management, and we do not accept responsibility for such information and have not performed any substantiation or external confirmation procedures to establishes accuracy or completeness.

Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices. We emphasise that the responsibility for a sound system of internal controls and the prevention and detection of fraud and other irregularities rests with management and work performed by us should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify all circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud.

This document is confidential and prepared solely for your information and that of other beneficiaries of our advice listed in our engagement letter. Therefore, you should not refer to or use our name or this document (in whole or in part) for any other purpose, disclose them or refer to them in any prospectus or other document, or make them available or communicate them to any other party without our prior authorisation. No other party is entitled to rely on our document for any purpose whatsoever and thus we accept no liability to any other party who is shown or gains access to this document.

Eileen Healy

For and on behalf of
Deloitte Ireland (NI) Ltd
The Ewart
3 Bedford Square
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Date: xy September 2026

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Appendix I: Reporting Definitions

Assurance Rating

For each report delivered in the annual Internal Audit Plan, we will provide one of three levels of assurance, ranging from satisfactory assurance to unacceptable assurance. These assurance levels reflect the latest requirements of the Department of Finance (DAO (DoF) 07/16).

Assurance Level	Evaluating and Testing Conclusion
Satisfactory	Overall, there is a satisfactory system of governance, risk management and control. While there may be some residual risk identified, this should not significantly impact on the achievement of system objectives.
Limited	There are significant weaknesses within the governance, risk management and control framework which, if not addressed, could lead to the system objectives not being achieved.
Unacceptable	The system of governance, risk management and control has failed or there is a real and substantial risk that the system will fail to meet its objectives.

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Recommendation Priorities	
Priority 1	Failure to implement the recommendation is likely to result in a major failure of a key organisational objective, significant damage to the reputation of the organisation or the misuse of public funds.
Priority 2	Failure to implement the recommendation could result in the failure of an important organisational objective or could have some impact on a key organisational objective.
Priority 3	Failure to implement the recommendation could lead to an increased risk exposure.

These definitions of evaluations should be interpreted in conjunction with the scope of the audit work and in the overall context that our findings should only be relied upon to be representative of the operation of control procedures at the time of discussion or observation of these control practices and in relation to the transactions tested. Projection of evaluations of future periods is subject to the risk that the policies and procedures may become inadequate because of changes in conditions, or that the degree of compliance with these policies and procedures may deteriorate. The performance of Internal Audit work should not be taken as a substitute for management's responsibilities for the application of sound commercial practices. We emphasise that the responsibility for a sound system of internal controls rests with management and work performed by Internal Audit should not be relied upon to identify all strengths and weaknesses that may exist. Neither should Internal Audit work be relied upon to identify all circumstances of fraud or irregularity should there be any, although our audit procedures have been designed so that any material irregularity has a reasonable probability of discovery. Even sound systems of internal control may not be proof against collusive fraud. Internal audit procedures are designed to focus on areas as identified by management as being of greatest risk and significance. Effective implementation of our recommendations by management is important for the maintenance of a reliable internal control system.

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ITEM 7

Ards and North Down Borough Council

Report Classification	Unclassified
Exemption Reason	Not Applicable
	If multiple:
Meeting	Audit Committee
Date of Meeting	21 September 2026
Responsible Director	Director of Corporate Services
Responsible Head of Service	Head of Finance
Report title	Audited Financial Statements
Attachments	Financial Statements 2025/26
File Reference (if applicable)	
Legislation	Other Local Government (Accounts and Audit) Regulations 2006
Resource Implications	None Narrative:
Screening Requirements	*The Council will commit to consider the implication of all reports under the categories of Section 75, Rural Needs, Data Protection, Climate and Sustainability:* Screening of report not required
Link to Corporate Plan Priority and Outcome	Priority 1: Economic 7. Ards and North Down Borough Council is a high performing organisation If multiple:

Background

As Members are aware NIAO has carried out its audit of the draft financial statements presented to this Committee in June.

Key Issues

As outlined in the draft report to those charged with governance, considered earlier in the meeting, a number of changes have been made to the financial statements. Two of these have affected the comprehensive income and expenditure statement, as follows:

1. Increase in legal provision, has had the effect of increasing expenditure. This has been funded by releasing funds from the Earmarked Fund and by reducing the surplus for the year to around £57k. The General Fund balance remains in excess of the 7.5% required by the reserves policy.

   The analysis of Earmarked Fund is as set out below.

Fund Category	June 2026 £'000	Sept 2026 £'000
Contingencies	2,245	1,948
Periodic Expenditure	817	817
Strategic Funds	13,621	13,621
• **Transformation**	2,616	2,616
• **Sustainability**	3,417	3,417
• **Tax Base Development**	2,758	2,758
• **Multi-year Budgeting**	2,375	2,375
• **Capital**	355	355
• **Waste**	2,100	2,100
Totals	**16,683**	**16,386**

2. Recognising the revenue element of SEUPB grant, which has increased income, however this has been mitigated in the normal way and has no net effect on the surplus.

Next Steps

Once signed by the chair of the Committee and the Chief Executive, the financial statements will be re-submitted to the NIAO for certification by the Local Government Auditor and published by the statutory deadline of 30 September.

RECOMMENDATION

It is recommended that Council **Notes** the report and approves the audited Financial Statements subject minor amendments.

Financial Statements

For the year ended 31 March 2026

Ards and North Down Borough Council

Contents

This document will be made available in a range of alternative formats on request. Please contact Stuart Waring on stuart.waring@ardsandnorthdown.gov.uk or 0300 013 3333 extension 40606

Narrative Report

Introduction

These statements set out the Council's financial performance during the financial year 2025/26 and its financial position at the end of that year. Financial performance is as set out in the Comprehensive Income and Expenditure Statement (Page 50) and the Movement in Reserves Statement (pages 51-52) and its financial position is as set out in the Balance Sheet (page 53) and Cash Flow Statement (page 54).

The financial statements follow approved accounting standards and are necessarily technical in parts. It is the purpose of this narrative report to explain, in an easily understandable way, the financial facts in relation to the Council in addition to its main objectives, strategies and the principal risks it faces.

These financial statements have been prepared in line with the Code of Practice on Local Authority Accounting in the United Kingdom for the year ended 31 March 2026 (the Code) and the Department for Communities Accounts Direction, Circular LG 7/26 dated 16 February 2026 and are the 'Statement of Accounts' the Council is required to prepare under Regulation 7 of the Local Government (Accounts and Audit) Regulations 2015.

Organisation Operational Model, Overview and External Environment

The Council operates a traditional model of decision making for local government and is organised into four directorates plus the Chief Executive's Office. Each of these directorates are further divided into Services as follows:

In order to assist in the delivery of services the Council operates in partnership with other bodies in areas of waste disposal, economic development, regeneration, leisure services, policing and community safety.

The Council operates in the context of The Big Plan, which is the Community Plan for the Borough and at its heart is an integrated approach to strategic development, not only for the Council, but for everyone in the Borough who has an interest in making Ards and North Down a better place to live, work, visit and invest.

The Council's vision is to contribute to a Sustainable Borough and annual service plans are focussed on this. Key improvement activities are also published annually in the Council's Performance Improvement Plan (PIP).

The three **priorities** we are focused on are:

1 Increasing economic growth by attracting more jobs and businesses
2 Reducing carbon emissions as we transition to net zero
3 Improving wellbeing through social inclusion and reduced inequality

The seven **outcomes** we want to achieve will result in:

1 An engaged Borough with citizens and businesses who have opportunities to influence the delivery of services, plans and investment
2 An environmentally sustainable and resilient Council and Borough meeting our net zero carbon targets
3 A thriving and sustainable economy
4 A vibrant, attractive, sustainable Borough for citizens, visitors, businesses and investors
5 Safe, welcoming and inclusive communities that are flourishing
6 Opportunities for people to be active and healthy
7 Ards and North Down Borough Council is a high performing organisation

Annual service plans are developed in tandem with the rate setting process to align each service areas activities with the priorities, outcomes and strategic actions within the Corporate Plan

These overarching plans are supported by key strategies including the Integrated Strategy for Tourism, Regeneration and Economic Development, Integrated Strategy for Arts and Heritage, Estates Strategy and a Medium-Term Financial Plan. Internally the Council is working to deliver an agenda of transformation to enhance and improve internal processes, as well as delivering better engagement with, and services for, the communities we serve.

The Council builds its culture around the values of:

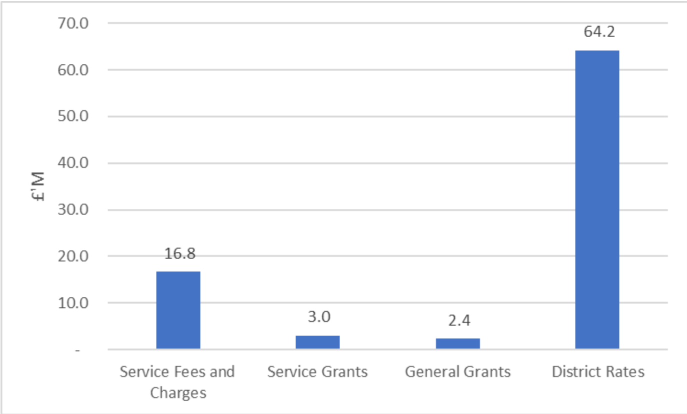
- **Progressive –** We will be proactive, ambitious, innovative, forward thinking and outward looking.
- **Respect –** We will treat everyone in a fair and equitable manner, respecting diversity and each other's roles.
- **Integrity –** We will always be open, honest, transparent, trustworthy and accountable in our business relationships.
- **Delivery –** We will ensure a "can do" attitude, being passionate about achieving results, performance driven, and outcome focussed.
- **Excellence –** We will strive to deliver continuously improving and excellent quality services, whilst ensuring value for money.

Governance

The governance arrangements of the Council are set out in the Governance Statement (pages 18-34) and there have been no significant changes in approach in the course of the year.

Inputs

The Council delivers a broad range of local services including : building control, community development, economic development, environmental health, leisure services, parks and cemeteries, planning, off-street car parking, tourism and waste collection and disposal.



- Council has a budget of £87M. 80% of this funding is from the local property tax (often referred to as the district rates) and a further 15% from fees and charges for the use of a range of services.
- Council employs more than 900 staff. These staff are recruited according to the Local Government Staff Commission guidance. The Council's Learning and Development Strategy (within which the Organisational Development Strategy is an overarching element encompassing various policies, procedures and plans) provides the framework for maintaining and enhancing the skills of the workforce, through on the job training, appraisal scheme, formal training, part-time study and mentoring.
- The Council owns over 350 properties, over 290 hectares of parks and other open spaces and has a fleet of approximately 200 vehicles, all of which are maintained in a proactive manner.
- The Council works with a number of strategic partners in order to deliver its services including arc21 waste management joint committee, the Northern Community Leisure Trust to deliver some of its leisure services and the Department for Infrastructure in connection with provision of its planning portal.

Activities, Outputs and Outcomes

Council has delivered **balanced progress across all three pillars of the corporate plan**—stimulating economic growth and investment, making measurable progress towards net zero and environmental resilience, and strengthening inclusive, safe, and healthy communities.

Despite the continuing challenge of inflation, the Council continued to deliver positive outcomes for residents and businesses showing a high degree of innovation and effectiveness.

How the Council spent its resources is set out in its Comprehensive Income and Expenditure statement on page 50.

Our Achievements

Living Wage Accredited Employer
Recognised for paying staff a real Living Wage

Silver
Investors in People Accreditation
Continued commitment to supporting and developing staff

Local Economic Partnership Established
Secured over **£4 million** to support local growth.

First Digital Strategy Published
Setting a clear direction for digital innovation across the borough

Supporting Business Digital Growth
21 businesses supported through Digital Transformation Grants

Supporting Life's Key Moments
1,352 births, **1,794** deaths **569** marriage notices registered

A Vibrant Year of Culture and Events
5 major festivals, 18 events, 45 exhibitions 30 talks and tours delivered

Strong Tourism & Business Engagement
80+ local businesses engaged through Tourism Industry Day

Investing in Local Businesses and High Streets
Over **£1 million** for high streets and **£155k** supporting rural businesses.
New Local Action Groups established to support community-led change

Supporting Vulnerable Residents
Dementia Safeguarding Scheme launched to promote safety and awareness

Delivering Sustainable Infrastructure
The borough's first greenway and bridge completed

Recognising Our Places & Communities
Groomsport named **Best Kept Large Village**
Donaghadee recognised in **Ulster in Bloom & Britain in Bloom**

Supporting Entrepreneurs and Business Growth
1,127 businesses supported through Go Succeed, with **8,500+** mentoring

Creating Opportunities Through Skills and Employment

331 jobs filled, 255 people upskilled, and 25 outreach events delivered through the Labour Market Partnership.

Supporting Responsible Waste Management

27,000 visits each month across 9 Household Recycling Centres.

Keeping the Borough Clean and Sustainable

7 million bin collections annually, 81% recycling at major events, and 600+ bins serviced daily.

Thriving Community Spaces

96,000 users across community centres and halls

Investing in Future Growth

Plans progressing for major projects including a **£10.4M Innovation Hub** and **£481k Digi Hub**

Active and Healthy Communities

1.25 million leisure centre visits, 2,685 children in swimming lessons, and 450+ Active Ageing members

Investing in Communities

11 summer schemes delivered, **216 grant** opportunities offered, 152 grants awarded.

Celebrating Local Food and Tourism

5,500 visitors attended Taste the Castle, showcasing **35 local food producers**

Proud of Our Parks and Open Spaces

£22k invested through In Bloom, 8 Summer of Play events delivered, a Dementia Friendly Garden completed, and **7 Green Flags retained**

Award-Winning Community Safety Initiatives

Innovative projects recognised at PSNI Problem Solving Awards

Celebrating Civic Pride

Two **Freedom of the Borough** ceremonies held

Securing Investment for Communities

Over **£5 million PEACEPLUS funding secured** to support shared spaces

Supporting Visitors Across the Borough

33,000 visitors supported and **29,000 enquiries handled** by visitor services

Risks and Opportunities

In all its strategic planning activities the Council identifies risk and opportunities, as well as seeking to identify mitigations and to take advantage of potential positive outcomes.

Risks

In addition to the material risks set out in the governance statement (on page 32), council faces other risks such as:

- **Political uncertainty**
  The inability of the Executive to agree a budget for the 2026/27 year is concerning particularly in the context of approaching Assembly and Council elections.

- **Economic uncertainty**
  International events once again have fed their way through to higher utility costs for Council in common with the rest of the economy.

  Some services are at risk because of the very tight budgetary settlement for the Executive. This uncertainty will have implications for delivery of community, economic development and regeneration activities. This funding risk is further complicated by the single year budget allocations, which creates uncertainty and prevents longer term planning.

- **Resourcing uncertainty**
  The Council has ambitious plans and strategies for the pursuit of prosperity in the Borough. Resourcing these plans requires finance, assets and talent. Currently, in common with many organisations, the Council is experiencing difficulties in recruiting staff. These pressures will inhibit the Council's ability to deliver on its plans.

- **Development uncertainty**
  There are currently well publicised issues in respect of gaining permission to connect to the waste water system due to underfunding the Northern Ireland Water capital programme. This inevitably holds up planning permission for development in the borough. This issue has been well publicised in the media.

Council must both prioritise, and regularly assess, its appetite and tolerance for risk in order to ensure it is fit for purpose to deliver on the objectives set.

Opportunities

- ✓ **Sustainability commitments**
  ‘

  ‘A Sustainable Borough’ continues to underpin the Council's Corporate Plan 2024–2028, providing the strategic framework for our work across economic, environmental and social wellbeing.

  During the reporting period, the Council has focused on translating this vision into practical action, with delivery aligned to the Roadmap to Sustainability. This has included:

  - **Embedding sustainability into service delivery**, with teams incorporating environmental considerations into planning, procurement and operations
  - **Delivering place-based and community-focused initiatives**, supporting sustainable behaviours and local resilience
  - **Strengthening governance and coordination**, ensuring sustainability and climate considerations are reflected in corporate decision-making processes

This approach reflects a shift from high-level commitments to embedded delivery, where sustainability is being integrated into how services are planned and delivered across the organisation.

✓ Belfast Region City Deal (BRCD)

The BRCD executive body comprises this Council along with Antrim and Newtownabbey Borough Council, Belfast City Council, Lisburn and Castlereagh City Council, Mid and East Antrim Borough Council, Newry, Mourne and Down District Council, the Queen's University Belfast and the Ulster University (the Belfast Region).

The objective of the BRCD is to deliver a step change in the region's economic fortunes and help achieve inclusive growth. It will see the UK Government invest £350M into the Belfast Region over the next 15 years. This figure will be matched by the Northern Ireland Executive and a further co-investment of upwards of £150M from Belfast Region City Deal partners. By leveraging additional private sector investment, the partners will deliver a programme with an overall value well over £1 billion.

Four "pillars" for the BRCD proposition have been established:

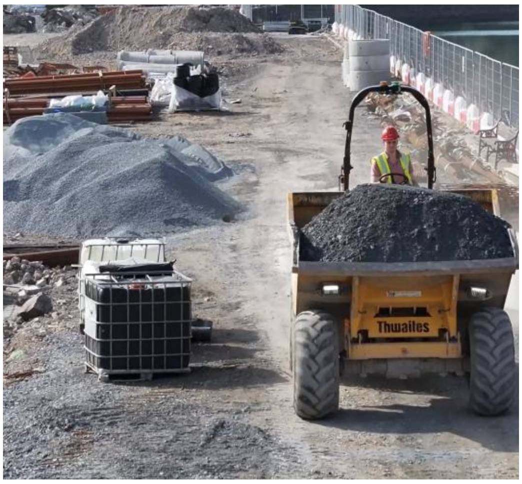
- Employability and skills
- Innovation and digital
- Infrastructure
- Tourism and Regeneration

Ards and North Down contributes to the regional Employability and Skills programme and benefits from capital funding towards a regional digital programme and projects as outlined below.

The Council is due to receive circa £40M towards the Bangor Waterfront Redevelopment, our ambitious plans to redevelop Bangor's beautiful seafront with new, sustainable, tourism and leisure attractions.

It will also benefit from funding of £10M to create an Innovation Hub to support creative and digital industries in the Borough.

✓ Redevelopment of Queen's Parade



Bangor Marine Ltd. started work on site in September at Marine Gardens. Marine Gardens is a five-acre public realm project and the first phase of the wider Queen's Parade redevelopment. The project plan includes a free, inclusive destination playpark, two pavilions, serviced areas for pop-ups/temporary activations, enhanced public realm, sensory planting and a dedicated mindfulness area, waterfront shelters, new activation spaces for events and seasonal programming, over 100 new trees, and 3,500 sqm of new green space and landscaping. Bangor Marine is also creating a central focal area within Marine Gardens for 'The

Dove' – the landmark public art piece by Colin Davidson and the centrepiece of the ECLIPSE series.

✓ **Tourism, Economic Development and Regeneration**

The Integrated Strategy for Tourism, Regeneration and Economic Development presents a coherent vision for the pursuit of prosperity in the Borough of Ards and North Down. It responds to the vision and outcomes of the Community Plan for the area and is to be used as the common point of reference for all those contributing to the growth of our economy, the welcoming of visitors and the improvement of our places, both urban and rural.

Through targeted interventions/ programmes and one to one advice, businesses are supported throughout their business lifecycle, helping to create, sustain and grow jobs. Working in partnership, those furthest from the labour market have been supported to achieve the skills required to be employment ready. These actions have and continue to contribute sustaining our local economy.

The development of 'Experiences' and Food Festivals has been key to broadening the portfolio of activity available to increase visitors and revenue to the Borough. Council is also delivering on the recently developed 'Borough Strategic Direction for Events' and seeing significantly higher profile across a range of key visitor engagement platforms through the delivery of the Borough 'Marketing and Communications Strategy.' Food sector development is supported via the recently revised Food and Drink Destination Development Strategy.

✓ **Leisure Strategy**

The Council officially launched *Getting Active, Staying Active* — the Borough's first comprehensive Leisure Strategy in February. The ten-year strategy sets out a clear and ambitious plan to help everyone in Ards and North Down enjoy healthier, more active lives. It has been shaped by extensive collaboration with partners across sport, health, education and the community and voluntary sector, and informed by the views of approximately 1,600 residents.

The strategy is structured around four interconnected themes that will guide delivery from now until 2034:

- **Active Partnerships**- strengthening collaboration across sectors and communities
- **Active Opportunities**- expanding the range, quality and accessibility of active leisure options
- **Active Communications**- improving awareness and understanding of what's available
- **Active Support -**empowering clubs, volunteers and providers to deliver high-quality experiences

Together, these themes establish a foundation for reducing inequality, tackling inactivity, and supporting people of all ages, backgrounds and abilities to lead more active lives.

✓ **Capital Investment Plan**

The Council uses a project prioritisation approach to assess and prioritise potential capital investments. This involves scoring each project across a range of agreed, standardised criteria, to include elements such as strategic alignment, cost and risk. The resulting ranked project list is used as a basis for decision making on which, and how many projects will progress, depending on the desired investment level.

- ✓ **Medium-Term Financial Strategy**

  The Council continues to consider carefully financial resilience in its budgeting cycles. This budgeting process is guided by the Medium-Term Financial Strategy, which sets out principles and provides a framework in which to develop future budgets. These budgets for the next financial year are developed in the context of a Medium-Term Financial Plan (MTFP). In addition, the Council has developed a 10-year district rate projection to enable it to forecast the impact of its longer-term capital investment plans. The Council's new reserves and budgeting policies seek to bring greater focus on financial resilience and multi-year budgeting.

  The Council is seeking to provide high quality services and facilities in line with its corporate priorities. Resources are allocated to ensure we can meet these objectives along with those outlined in a variety of supporting strategies. To this end Council has earmarked funds for several strategic purposes including transformation, sustainability and tax base development. These are particularly useful in supporting short-term initiatives without putting additional burdens on rate payers.

- ✓ **Digital Strategy**

  The Council's Digital Strategy (launched in 2024) outlined a range of activities to be undertaken across the five key principles/ workstreams of: Citizen First; Digital Workplace; Better Connected; Sustainably Driven; and Secure by Design. To date, over two thirds of the activities are either complete or underway including the implementation of a new Corporate File Plan (EDRMS) and new Financial Management System (CiA).

There are a range of strategic workstreams underway to assist in delivering the Big Plan and Corporate Plan. These include the development of a comprehensive Workforce Plan, Estates Strategy Programme and Strategic Transformation and Efficiency Programme.

Performance

FINANCIAL

The results for the year are set out in the Comprehensive Income and Expenditure Statement and reflect the accounting deficit for the year to comply with International Financial Reporting Standards (IFRS). A number of adjustments are then made to this (see note 4 on page 82) to arrive at the actual surplus for the year on the Council's General Fund, as shown in the Movement in Reserves Statement (page 51-52) and summarised below:

	2025/26 £'000	2024/25 £'000
Cost of Continuing Operations	(66,118)	(69,645)
Other Operating Expenditure or Income	15	3,915
Financing and Investment Income & Expenditure	(1,690)	(1,189)
Taxation and Non-Specific Grant Income	70,583	85,554
Surplus/(Deficit) on the Provision of Services	**2,790**	**18,635**
Adjustment between Accounting and Funding bases	(1,228)	(13,161)
Net Transfers (to) or from Reserves and Funds	(1,505)	(4,142)
Surplus / (Deficit)	**57**	**1,332**
Balance brought forward	7,600	6,268
General Fund Balance at 31 March	**7,657**	**7,600**

The cost of continuing operations is similar to previous year. Other operating income shows significant non-recurrent income during 2024/25 due to receipt of historic claims for overpaid VAT in respect of leisure income. Adjustments between accounting and funding basis continue to be made in respect of depreciation and pensions, in line with the legislation. These transactions are detailed in note 4.

The Council's General Fund carried forward is £7.66M (equivalent to 8.5% of gross revenue expenditure, 0.4% down from 31 March 2025). This level exceeds the minimum balance required by the reserve policy which states: Council shall maintain a balance in this fund of a minimum of 7.5% of its gross expenditure as reported in its financial statements on the Net Operating Expenditure line of the Comprehensive Income and Expenditure Statement.

The Council's Balance Sheet at 31 March 2026 (page 53) shows a net worth of £248.1M, an increase of £6.5M from the 31 March 2025 balance sheet, this is largely attributable to the fall in long-term borrowing and increase in revenue grants unapplied.

The Council participates in the Local Government Pension Scheme (Northern Ireland), commonly referred to as Northern Ireland Local Government Officers Superannuation Committee, or 'NILGOSC'. This Council has a surplus in the defined benefit plan at the accounting date. In accordance with IFRIC 14 the Council should measure the net defined benefit asset at the lower of the surplus in the defined benefit plan and the asset ceiling which is the future economic benefits available to the Council in the form of a reduction in future contributions or a cash refund. Aon (an independent qualified actuary commissioned by the Council to provide pensions accounting advice under International Accounting Standard 19 / Financial Reporting Standard 102) have calculated the asset ceiling to be £Nil hence a £55.6M asset is not recognised in the balance sheet. A pension liability of £666k relating to the Council has been appropriately reflected in these financial statements. Details regarding the pension liability are in Note 22 (Page 104).

The Council's Usable Reserves at 31 March 2026, with a comparison to the opening position, is set out in the following table:

Reserves:	31 March 2026 £'000	31 March 2025 £'000
General Fund	7,657	7,600
Capital Receipts Reserve	1,447	2,461
Capital Grants Unapplied Account	16,771	19,130
Revenue Grants Unapplied Account	3,553	167
Other Earmarked Funds	16,386	15,276
TOTAL	**45,814**	**44,634**

Notes are provided within the Financial Statements to explain material changes.

Capital Investment

In order to enhance the services, it provides, the Council has an ambitious Capital Investment Programme representing around £220M over the next 8 years. This level of investment is dependent on over £100M external funding. These plans will be subject to review in the normal course of business as part of the normal budgeting cycles, in respect of affordability, sustainability and prudence.

Expenditure on capital projects during the 2025/26 financial year included:

Capital Scheme	£'000
Greenways, Parks and Play Parks	6,118
Vehicles, Plant, Equipment and Software	2,049
Leisure Centres	1,240
Regeneration Initiatives	985
Energy Saving Initiatives	669
Other Minor Schemes	678
Total	**11,739**

Details of how the Council has funded its capital expenditure are set out in Note 13 (page 96). Information on capital commitments relating to capital projects is set out in Note 14 (page 97) and information in respect of funding which Council has received in advance is detailed in Note 24 (page 110-111).

Non-Financial

Each year the Council publishes its Annual Performance Report. This self-assessment is to account for its improvement activity for that year and review performance against the Improvement Objectives set in the preceding year. The report reflects on the performance on the delivery of our agreed Improvement Objectives and supporting actions for the year in review.

Additionally, the Council monitors performance of its key indicators against each of its Service delivery plans with RAG performance for each corporate theme for the year being:

Corporate Priority	Green	Yellow	Red
Economic	88	8	34
Environment	14	0	4
Social	44	2	12

Outlook

The resilience of the Council was stable at the year-end as the General Fund balance is above the minimum set out in the reserves policy and the one Earmarked Fund is now heavily focussed on strategic objectives. However, the outlook remains challenging as there are pressures within the tax base which affects Council's ability to generate income from the district rates. These are exacerbated by the cost pressures within salaries budgets (because of nationally agreed pay settlements being driven by increases to the National Living Wage), energy price volatility, the ongoing revenue costs associated with new capital investment projects and recruitment difficulties due to a shortage of talent.

In addition, to these aspects, Council faces additional costs to attain targets set out in the Climate Change Act (NI) 2022. These remain difficult to estimate but will likely have a significant impact on both revenue and capital expenditure.

In order to mitigate these pressures Council has agreed strategic workstreams in connection with waste management, digital strategy and organisational structure review. These will be taken forward as part of the Strategic Transformation and Efficiency Programme.

As capital investment increases in line with the Capital Investment Plan, the Council may see its borrowing increase from the current level of £59M to around £86M in 2028 and peaking at £143M by 2033. This will be kept under review at each future budgeting cycle and as projects progress. Additionally, a strategic review of the capital investment plan is being undertaken by a working group of Members and senior officers.

Basis of preparation

Information is considered material "if omitting it or misstating it could influence decisions that users make on the basis of financial information." Consequently, items of differing magnitude may both be regarded as material given their differing contexts.

These financial statements have been prepared on a going concern basis as required by the Code. The Council's useable reserves remain strong over the course of its medium-term planning horizon, and this combined with its ability to raise income through the district rates means the Council considers that in addition to the statutory going concern requirement it has secured its financial situation in practice.

Material and Unusual Items

There are no material and unusual items.

Responsibilities

The Council's Responsibilities

Under Section 1 of the Local Government Finance Act (Northern Ireland) 2011 a Council shall make arrangements for the proper administration of its financial affairs. A Council shall designate an officer of the Council as its Chief Financial Officer (CFO) under whose supervision these arrangements shall be carried out. The Council has designated the Chief Executive as its CFO.

Under Regulation 7 of the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015, the Council, or a Committee is required by resolution, to approve the accounts.

These accounts were approved by the Chief Executive on 21 September 2026.

The Chief Financial Officer's Responsibilities

Under Regulation 10(2) of the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015, the Chief Financial Officer is responsible for the preparation of the Council's Statement of Accounts in the form directed by the Department for Communities.

The accounts must give a true and fair view of the income and expenditure and cash flows for the financial year and the financial position as at the end of the financial year.

In preparing this Statement of Accounts, the Chief Financial Officer is required to:

- observe the Accounts Direction issued by the Department for Communities including compliance with the Code of Practice on Local Authority Accounting in the United Kingdom;
- follow relevant accounting and disclosure requirements and apply suitable accounting policies on a consistent basis; and
- make judgments and estimates that are reasonable and prudent.

The Chief Financial Officer is also required to:

- keep proper accounting records which are up-to-date; and
- take reasonable steps for the prevention and detection of fraud and other irregularities.

Governance Statement

Scope of Responsibility

The Council is responsible for ensuring that there is a sound system of governance (including a good system of internal control) to allow it to act in the public interest by:

- enabling its business to be conducted in accordance with the law and proper standards; and
- ensuring that public money is safeguarded, properly accounted for and used economically, efficiently and effectively.

The Council also has a duty under the Local Government Act (Northern Ireland) 2014 to make arrangements to secure continuous improvement in the exercise of its functions.

In discharging these overall responsibilities, the Council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

The Council is required to prepare an Annual Governance Statement, in accordance with the principles of the CIPFA/SOLACE Framework: Delivering Good Governance in Local Government (2016). This statement explains how the Council meets the requirements of Regulation 4 of the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015.

The Purpose of the Governance Framework

The governance framework comprises the systems, processes, culture and values, by which the Council is directed and controlled and the activities through which it engages with, leads and gives account to its communities. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The Governance Framework

This section describes the key elements of the systems and processes that comprise the Council's governance arrangements.

1. **Reviewing the Council's vision and its implications for governance arrangements**
2. **Identifying and communicating the Council's vision of its purpose and intended outcomes for citizens and service users**
3. **Measuring the quality of services, for ensuring they are delivered in accordance with the Council's objectives and for ensuring that they represent the best use of resources**

Following extensive consultation and collaboration, the Council developed a new Corporate Plan. The Corporate Plan 2024-2028 aligns with the aspirations of the area's first community plan – the 'Big Plan'. The Big Plan is the sovereign plan for Ards and North Down and measures the wellbeing of the population of Ards and North Down via the Big Plan whole population indicators and an outcomes-based accountability approach. It is available at Community Planning.

The community plan is supported by:

- The Local Development Plan which will facilitate sustainable growth by co-ordinating public and private investment to encourage development where it can be of most benefit to the well-being of the community. This is still in development, but more information is available at Local Development Plan.

- The Corporate Plan serves as the Council's strategic framework, setting out the Council's vision to work towards becoming A Sustainable Borough. It is available at Corporate Plan 2024-28.

The Big Plan has already undergone a mid-way review in 2024 and an updated document published in May 2025. The updated document amended the wording for each of the five Big Plan outcomes and updated the priorities and workstreams.

Each of the Council's Services have agreed annual service plans which are aligned to the corporate objectives. Their performance is monitored on a twice-yearly basis to ensure that they maintain service quality levels. Performance reporting software links key performance indicators (KPIs) via Service Plans to the Council's overall objectives and shows progress against same.

The Corporate Services Committee has responsibility for overseeing the development, implementation, reporting and review of the community plan and the corporate plan. The local development plan is the responsibility of the Place and Prosperity Committee.

In order to assist with the implementation of these plans the Council prepares an annual performance improvement plan. This is subject to, and informed by, public consultation, also involving statutory and community planning partners, our consultative panel on equality and good relations; equality scheme consultees; a range of hard-to-reach groups; and the chambers of trade.

At the end of each financial year, an assessment of the Council's performance is published. This is available at Performance Improvement.

The Northern Ireland Audit Office scope of work covers not only the audit of the Council's financial statements, but also aspects of performance improvement responsibilities. The Local Government Auditor publishes an annual report on the results of both the financial audit and improvement audit which are published on the Council's website.

The Council has established a Transformation Team, which incorporates responsibility for developing and implementing effective performance governance arrangements in addition to supporting projects and activities aimed at improving the better use of resources to achieve agreed outcomes.

The Council has committed to undertaking a formal survey of residents every two years to gain an insight into satisfaction levels with the organisation and the services we deliver. The information gathered is shared across all service areas and used to inform a number of performance improvement measures including our annual service plans, performance improvement plan and financial statements.

4. **Defining and documenting the roles and responsibilities of the Council, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication**
5. **Developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff**

As a statutory body, the Council performs a range of functions that are provided for in legislation. The Council takes overall responsibility for discharging these functions, with its performance delegated either to a Committee or an Officer. The committee structure is:

Each Committee has a defined Terms of Reference, documenting its roles and responsibilities including determining policy in its own area within the remit delegated from the Council. These are reviewed annually as part of the scheme of delegation review. There are also a number of established working groups involving Elected Members, which report to the relevant Committees.

The Local Government Act 2014 requires that councils' standing orders must make provision requiring reconsideration of a decision. This is commonly known as the 'call-in' procedure and is addressed by Standing Order 23.

The Act also requires the preparation of a council constitution. This has been published on the Council's website here. This gives access to the public to key governance documents.

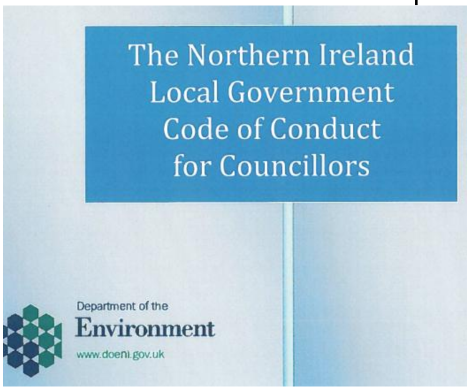
A Corporate Leadership Team (CLT), consisting of the Chief Executive and Directors, meets to make strategic decisions, while a Heads of Service Team (HoST) is responsible for operational delivery and informing strategic work. Council also has a range of officer boards, committees and working groups to co-ordinate across Council activities. These have defined terms of reference and a broad membership.

The Council is also a member of the arc21 Waste Management Joint Committee along with five other Northern Ireland Councils. The Joint Committee has delegated authority to deal with financial matters up to £250,000 and all other decisions are subject to ratification by the constituent Councils.

The responsibilities of the Chief Financial Officer are set out in the Local Government (Accounts & Audit) Regulations (Northern Ireland) 2015. Council has designated the Chief Executive as its Chief Financial Officer. In addition, the responsibilities of officers including, senior management are enshrined in job descriptions and the Council has a scheme to delegate decision making to Service Unit Manager level.

The Council has a wide range of policies and procedures that are subject to ongoing review and include the standards of behaviour expected from all employees. The Council has adopted the Local Government Staff Commission's Code of Conduct. All policies and procedures are communicated to employees through induction, other ongoing training initiatives and are published on the intranet. Specifically, these policies include an Anti-fraud, Bribery and Corruption Policy (including a fraud response plan) and a Declarations of Interest Policy.

Line managers have received training from the Council's Human Resources Service in relation to human resource policies. Council has an 'Employee Behaviour Charter'. Training has been provided to embed these positive behaviours into the Council's culture and the behaviours are illustrated with examples of good practice in the Council's fortnightly staff newsletter. The Council is continuing to embed its Learning and Development Strategy and staff appraisal processes with every employee and has achieved Member Charter Plus accreditation in respect of its development activities for councillors. These conversations align with the corporate values, which are part of the Corporate Plan.



Training in respect of the Northern Ireland Local Government Code of Conduct for Councillors is delivered following each election. They have also completed declarations of interest, which are published on the Council website and which they have a legal obligation to keep up to date.

6. **Reviewing the effectiveness of the decision-making framework, including delegation arrangements, decision making in partnerships and robustness of data quality**
7. **Reviewing the effectiveness of the framework for identifying and managing risks and demonstrating clear accountability**

The Council is committed to the effective delivery of services for the benefit of residents and users alike. A scheme of delegation to officers, with clearly defined parameters and reporting arrangements is in place. This is reviewed on an annual basis.

The Council is involved in several strategic partnerships including Belfast Region City Deal, the 11-Council NI Enterprise Support Service branded as *Go Succeed*, the Labour Market Partnership, Local Economic Partnership and the Strategic Community Planning Partnership, all of which have project boards or committees in place to provide an appropriate governance structure. In addition, arc21 operates within the framework of a legally binding collaborative agreement between all its member councils. A Joint Committee is arc21's decision making forum and is made up of 18 Elected Members (three from each of the six partner councils).

The Council, the Department for Communities and Bangor Marine Ltd have entered into a Development Agreement for the redevelopment of the Queen's Parade/ Marine gardens area of Bangor. Plans are progressing with construction having started in September 2025. This project is overseen by a Project Board which meets regularly and progress updates are reported to the Council via the Place and Prosperity Committee.

Risk Management

The Council has a risk strategy which sets out the Council's approach to the management of risk at a strategic and operational level, within projects, partnerships and by its suppliers. This is aligned to the Corporate Plan.

In line with this strategy, a corporate risk register is maintained to ensure that key areas of risk that may affect delivery of our Corporate Plan are identified. To ensure a proactive approach to risk management, all corporate risks have assigned mitigations (comprising current controls and additional mitigation measures). This is reviewed regularly and is reported to the Audit Committee twice yearly. This register is supported by individual service risk registers and interim and annual statements for assurance from each head of service. New software will improve consistency of recording, action planning and accountability.

Data Management

The Council's Data Protection Officer, whose role is defined in the legislation, overseas data security and information management systems have been reviewed, privacy notices updated, and a significant programme of training has been delivered to management and employees, including a new comprehensive E-learning module. Digital Services has introduced additional measures to ensure cyber and data security. The CCTV and Surveillance Equipment Policy has been reviewed to ensure all aspects of video and audio recordings are managed securely.

The Council is in the process of implementing an electronic document and records management system (EDRMS), based on a Microsoft GDPR compliant platform, to continue to improve data management practices, data security and general compliance. This process is now more than 75% complete.

The Council continues to transfer a significant amount of its information assets to digital format to allow more effective data management.

Conflicts of Interest

Each member of the Council is obliged to declare any interests. These declarations are published on the Council website. 'Declarations of interest' is a standard item on each Council or committee meeting agenda, with standing orders requiring that an Elected Member leaves the meeting for the duration of the item in which they have made a declaration.

The Council has both *Declaration of Interests* and *Gifts and Hospitality* policies in place, for which registers are maintained and for which digital versions will be developed in the coming year.

8. Ensuring effective accountability

Transparency

The Council is committed to conducting its business openly and transparently. It aims to publish information in a timely and accurate manner and in accordance with its Publication Scheme. All meetings of the Council and its Committees are open for members of the public to attend. Meetings are also live streamed via the Council's YouTube channel. Minutes and audio recordings of past meetings are available on the Council's website at: Committee and Council Meetings.

The Council's publication scheme has been reviewed, and the website has been updated to enhance accessibility of data to the public. The Information Management and Customer Services teams constantly review FOI requests and customer queries to ascertain if information can be further provided on the website for transparency.

The Council has a very proactive social media presence, which it uses to both share information and to engage with citizens/ visitors and influencers by answering questions and addressing customer care issues. For both its corporate and service specific Facebook, Instagram, X and LinkedIn platforms the Council has over 85,000 followers.

The Council uses the Go Vocal platform to engage with the public and share information regarding a number of our most significant regeneration projects. To use the platform people must register and they then have multiple ways of engaging via posting ideas, contributing to discussions, or choosing to vote and prioritise community projects. The platform offers a clear process that everyone can follow – seeing where feedback has supported or amended decisions made. This enables citizens to engage in a much more meaningful way on issues that impact upon them or the area where they live. Go Voacl is designed to be used alongside more traditional engagement activities such as in-person conversations, surveys, and public information sessions.

Reporting

Each of the Council's 16 services report on performance on a twice-yearly basis to their respective Standing Committee. Progress against the annual Performance Improvement Plan is reported to the Corporate Services Committee. An annual report is published to highlight progress against the PIP and achievement against the Corporate Plan outcomes.

Financial statements are prepared in line with the requirements of the Local Government Finance Act (Northern Ireland) 2011 and published annually. Articles 17 and 18 of the Local Government (Northern Ireland) Order 2005 and the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 give members of the public access to the books of accounts as part of the audit process.

The Council has designated officers to respond to Freedom of Information and Data Subject Access Requests. Officers aim to respond within the statutory timeframes and as openly as possible. Where trends are identified in terms of public interest, officers seek to proactively create open data.

Council also reports annually to Department for the Economy on its statutory targets.

Performance Management

The Council has a wide range of policies and strategies to assist with the management of performance. Key documents include the Corporate Plan, Performance Improvement Plan and Service Plans, each with outcomes and indicators. All staff operate within the Appraisal Scheme.

The Council has developed and adopted a performance framework called PERFORM, as illustrated in the diagram. This is in recognition that performance of the organisation is driven by a number of factors such as effective planning, the engagement of staff, allocation of resources, aligned policies and systems, effective utilisation of these in providing services, relating to our residents, customers and partners and our ability to manage resulting performance. This model provides a framework to guide our approach on each of these elements and to promote alignment of related approaches.

Financial Management

The Council's Finance Service operates under the direction of suitably qualified and experienced accountancy professionals and within the policies and procedures framework brought forward from legacy organisations.

The Council substantially funds its services by setting a property tax for both domestic and non-domestic properties (the district rates). It sets these rates in the context of a Medium-Term Financial Strategy, including principles to guide decision making and a three-year Medium-Term Financial Plan which integrates the ongoing costs of service delivery and the financial impact of the capital investment programme, taking into account external economic and legislative factors. All budgets are allocated through Directors to Heads of Service and on to Service Unit Managers for accountability purposes and are reported both on a corporate bases to management and the Corporate Services Committee. All finance related policies are available on the Council website here Financial Policies.

Audit

External audit services are provided by the Northern Ireland Audit Office (NIAO). Internal audit services are currently provided by Deloitte on a fixed term contract, subject to periodic tender.

Reports from both internal and external auditors are reported to the Audit Committee in a timely fashion. Both auditors meet with the Audit Committee in the absence of management as a matter of course at the end of each meeting.

9. Ensuring effective counter-fraud and anti-corruption arrangements are developed and maintained.

The Council's Anti-fraud, Bribery and Corruption Policy states that it is committed to creating an environment that:

- Minimises the risk of fraud, bribery or corruption;
- Promotes its early detection;
- Safeguards whistle-blowers; and
- Effectively investigates and recovers, where appropriate, any financial loss suffered.

To this end, the Council relies on measures such as the Northern Ireland Local Government Code of Conduct for Councillors, Code of Conduct for Local Government Services, employment references, policies and procedures (including manager review, segregation of duties, reconciliations, performance reporting and registers of interests) to embed a counter-fraud culture.

Any occurrence of fraud are reported to the Northern Ireland Audit Office and Department for Communities as a matter of course and to the Audit Committee on a quarterly basis.

10. Ensuring effective management of change and transformation

The Council is committed to delivering high quality services for the residents of the Borough and those who use its services.

To this effect the Council has in place a Corporate Plan to provide an overarching context and framework for its service delivery. Flowing from this each of the Council's 16 services prepare a service plan to guide the core business and to identify and progress service improvements. These service plans then form the basis of the annual Performance Improvement Plan, which is both publicly consulted on and reported against.

The Council has a corporate transformation programme to ensure corporate alignment of initiatives, increase the pace of delivery and provide a robust governance framework for oversight purposes. As part of its Strategic Change Service Council has a Transformation Team to provide support to other services as they seek to transform.

In 2024 Council agreed a digital strategy to give a framework to its digital transformation plans.

The Council acknowledges in its Organisational Development strategy that the successful delivery of the Council's vision requires a workforce that is truly motivated and working together for a common and meaningful purpose. To this end the Council has obtained Investors in People Silver accreditation to stimulate continued progress in the nine pillars to improve performance:

As part of this strategy, each year management commit to a number of key actions in its People Plan.

The Council views partnership working a key to delivering change for the benefit of residents. The Big Plan formally establishes collaboration among the partners to deliver the Community Plan. This forum is being used to provide greater cross-working on estates issues across community planning partners. In addition, officers from across the Council maintain regular contact with colleagues in other organisations to address areas of common concern, and as a result participates in several inter-council procurement exercises. The Big Conversation Panel was used to gather the views of residents to develop the Big Plan and has been used to gather feedback from residents to inform decisions taken by community planning partnerships. This information is shared across all community planning partners to improve local services.

11. Financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer (CFO) in Local Government (2016)

The Chief Executive has been designated by the Council as its Chief Financial Officer. As a result, the Council complies with this statement with the exception of Principle 5. The Council does not comply with this principle because local regulations in Northern Ireland do not require the CFO to be professionally qualified accountant nor for the role to be separated from that of the Chief Executive. However, the Council's governance arrangements deliver the same impact as the CFO is supported by a suitably qualified and experienced Director and qualified staff within the Finance Service to ensure that decisions made by Council are based on sound technical knowledge and understanding.

12. Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful

Regulatory compliance is a responsibility of all members of Corporate Leadership Team (CLT) and Heads of Service Team (HoST) and is monitored at service level to ensure that all relevant laws and regulations, internal policies and procedures are adhered to. To support this, meetings of the Council and its Committees are conducted in accordance with a set of agreed Standing Orders. It also has a range of policies arrived at following policy development procedures.

To ensure that legislative compliance is embedded for all activities, reports to Council require relevant legislation to be quoted. All major expenditure proposals are subject to review by CLT before being passed to Council and legal advice is sought where appropriate and reported to Council. In addition, all Directors, Heads of Service and Service Unit Managers are required to sign off Interim and Annual Assurance statements which provide a chain of assurance to the Chief Executive with regard to management of risks, control failings, incidents of fraud and whistleblowing and to declare interests outside work which may give rise to conflicts of interest.

13. Ensuring the authority's financial management arrangements conform with the governance requirements of the Code of Practice for the Governance of Internal Audit

14. Undertaking the core functions of an Audit Committee, as identified in CIPFA's Audit Committees – Practical Guidance for Local Authorities

The Council outsources its internal audit service and ensures conformity to the CIPFA statement in its tender requirements which require appropriately qualified and experienced staff. In addition, its approved Internal Audit Charter:

- Sets out how audit work will be carried out, based on the risk analysis and evidence;
- Sets out how audit work will be resourced; and
- Defines roles and responsibilities and explicitly grants access to management and Audit Committee. It is standard practice at committee meetings that both internal and external auditors have opportunity to address the committee in the absence of management.

The Council has in place an Audit Committee whose overall purpose and objective is to assist the Council in fulfilling its oversight responsibilities. The Audit Committee, which meets at five times each year, has responsibility for reviewing:

- The system of internal control and management of risks;
- The financial reporting process;
- The internal and external auditing processes;
- Council's processes for monitoring compliance with laws and regulations; and
- Council's processes for monitoring compliance with its own Standing Orders, policies and procedures.

In performing its duties, the Audit Committee is responsible for maintaining effective working relationships with the Council as a whole, with management and with the internal and external auditors. The committee has 11 members including one independent external representative.

15. Whistleblowing and for receiving and investigating complaints from the public

The Council is committed to the highest possible standards of openness, probity and accountability. It expects its workers (current and former Council employees, on-site contractors, off-site contractors, temporary, casual, agency and seasonal workers) who have serious concerns about anything that is in the interest of the organisation or the public interest to come forward and raise those concerns.

The Council has a whistleblowing policy in place to ensure that employees who raise concerns receive a response and are informed about how their concerns are being dealt with.

The handling of complaints is set out in the Council's Complaints Procedure, a copy of which is published on the Council's website. This has undergone a review, and the Council agreed to adopt the new Northern Ireland Public Services Ombudsman Model Complaints Handling Procedure in March 2023. The Council publishes quarterly complaint statistics on its website.

16. Identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training

Council has a Member Development Steering Group which proactively leads and aims to continuously improve Member Development within the Council. The Learning and Development Strategy outlines the approach to identifying the development needs of Members. An annual Training Needs Analysis process is conducted, consulting with the Steering Group, Corporate Leadership Team and Heads of Service Team. A Training Plan is compiled. Following its approval, a Member Development Programme is approved.

New Members receive induction to ensure that they are fully aware of all key issues, including an overview of each Council Directorate, operation of the Committee system and Standing Orders and an overview of local government finance. Members of the Planning Committee receive specific training in respect of this new statutory role. New Members also attend a Member Development Induction with the Organisational Development Manager during which a Personal Development Plan is compiled. The Council has been awarded Charter Plus accreditation in respect of Member Development. Members are given the opportunity to identify their training needs and to develop their own training plans. Members also attend courses and conferences as required during the course of the year.

The development needs of senior officers are addressed through the Employee Appraisal Scheme, linked to the Learning, Training and Development Policy, the Learning and Development Strategy and the Organisational Development Strategy.

17. Arrangements for establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation

The Council is committed to establishing and maintaining strong lines of communication with all sections of the local community. All Council and Committee meetings are open to the press and public. In addition, the minutes and an audio recording are published on the Council website (except where a meeting or part thereof is held ‘in committee’).

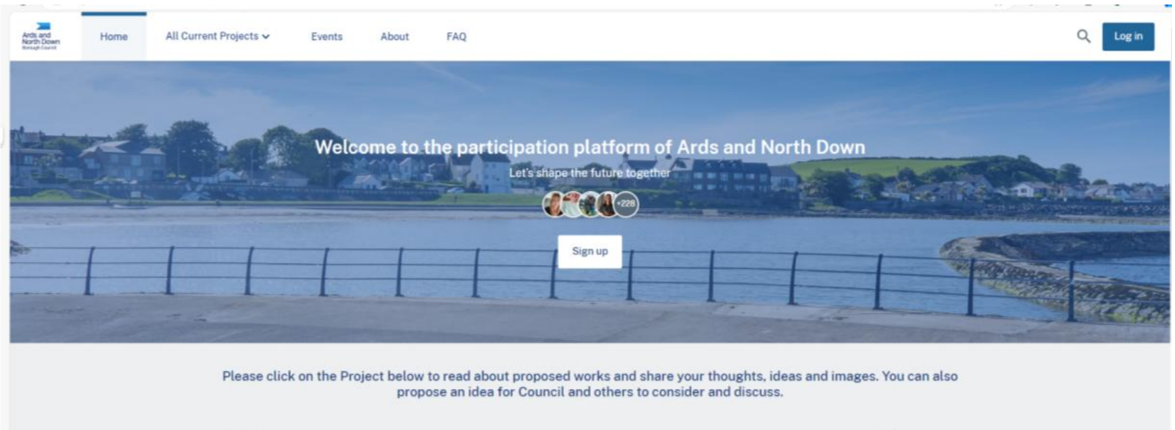
Meetings are also live streamed for the press and public on the Council’s YouTube channel.

There is awareness across all Directorates that different communication channels need to be employed to ensure maximum impact, however digital platforms are particularly useful and cost effective for Council. Corporately, the Council uses Facebook, X, Instagram and LinkedIn platforms, which have a combined following of over 57,000 people. Channels are updated on a daily basis. Service-specific channels operate in tourism, arts and culture, and leisure with a combined following of 33,000 people.

The Council’s Gov.uk website is the main shop window for all its digital communication. Any online search for Ards and North Down will direct to this site. Council’s main social media channels all refer people back to this website to deliver on calls to actions. Council ezines are also linked back to the site. Annual traffic to the site is in excess of 1.2M and growing year on year. User satisfaction with the site is high (averaging at 91% in the last two resident surveys).

The Council uses a digital participation platform, Go Vocal, to improve engagement and information sharing across a number of our most significant regeneration projects. To use the platform people must register and they then have multiple ways of engaging via posting ideas, contributing to discussions, or choosing to vote and prioritise community projects. The platform offers a clear process that everyone can follow – seeing where feedback has supported or amended decisions made. This enables citizens to engage in a much more meaningful way on issues that impact upon them or the area where they live.

Go Vocal is designed to be used alongside more traditional engagement activities such as in-person conversations, surveys, and public information sessions. On average, local government users of the system see a 12x increase in resident engagement by introducing online participation into the mix (as opposed to just using traditional methods).



The Council employs two officers dedicated to external communications (one for traditional channels and one for digital channels). They produce regular content for both local and regional media and undertake the daily management of the Council's website and social media channels.

All Council Services consult on their various strategies, plans and policies in the process of normal business and to comply with the Council's various statutory duties. This year a number of internal services carried out internal customer surveys to assist with refining plans.

The Council facilitates numerous groups of community representatives and individuals to communicate information on local initiatives as well as a mechanism to regularly gather feedback and co-design activity. Examples of these groups include the 3rd Sector Community Planning HUB, the Over 50s Council, the Disability Forum, Youth Voice and the Consultative Panel. Most community planning workstream groups are via open invitation to all interested parties, direct engagement is made with organisations representing specific sectors.

18. Enhancing the accountability for service delivery and effectiveness of other public service providers

The Big Plan for Ards and North Down is monitored and reported on via a Strategic Community Planning Partnership. There are two parts to this:

- **Statement of Progress** – The Department for Communities has produced guidance on how progress against the Community Plan should be reported. Every two years a Statement of Progress must be published to consider the impact service delivery is having on the people of Ards and North Down. The whole population based indicators in the Big Plan (linked to the Programme for Government indicators) will be used to measure impact over time. The fourth Statement of Progress was published in October 2025. The next Statement of Progress will be agreed by the Partnership in October 2027.

- **Performance Update Report** –The Strategic Community Planning Partnership receives an annual Performance Update Report with information of progress across outcomes, priorities and workstreams. The mid-way review of the community planning resulting an update of outcomes, priorities and workstreams. The updated version of the Big Plan has five outcomes and 6 priorities. The governance arrangements for community planning in Ards and North Down are managed via a partnership agreement outlining the roles and responsibilities of those who deliver public services across all tiers of the partnership – strategic and operational. This Partnership Agreement was reviewed and updated in June 2025.

19. Good governance arrangements in respect of partnerships and other joint working as identified by the Audit Commission's report on the governance of partnerships and reflecting these in the Council's overall governance arrangements.

The Council has responsibility to initiate, maintain, facilitate and participate in community planning. The statutory partners have all agreed to a Partnership Agreement which commits them to be active participants in the community planning process and to provide relevant staff for each of the workstreams. The agreement also sets out that all partners are equal and provides rules of attendance at meetings and how decision should be made. The Partnership Agreement was reviewed, updated and endorsed by the Strategic Partnership in June 2025. Reports on the process and progress in relation to Community Planning are reported to the Council's Corporate Services Committee.

The Council also participates in arc21 Joint Committee along with five other councils in order to discharge statutory responsibilities set out in its waste management plan. This joint committee has been established as a body corporate and participating organisations have agreed to Collaboration Agreement. Reports in respect of the activities of and decisions required by arc21 are brought to the Council's Environment Committee.

General Power of Competence

The Local Government Act (Northern Ireland) 2014 gave councils a general power of competence, enabling them to take any action they consider appropriate provided the action was not prohibited by any other legislation. Councils have been provided with the ability to act in their own interests and to develop innovative approaches to addressing issues in their Borough. Under the Council's Standing Orders, a qualified majority shall be required on the exercise of the general power of competence in accordance with Section 79 of the Act. This power was not used during the reporting period.

Review of effectiveness

A. Overview of the Review Process

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The Chief Executive has responsibility for preparing this Annual Governance Statement. In preparing this statement, she has considered the governance framework and system of internal controls in place. This review has been undertaken taking account of Guidance on the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 issued by the Department of the Environment in November 2015. The Chief Executive leads CLT to collectively have involvement in and oversight of the processes involved in maintaining and reviewing the effectiveness of the governance framework. In producing this statement, full regard has been made to the register of interests for Councillors, the Corporate Risk Register, Statements of Assurance provided by each Head of Service and Director to the Chief Executive.

The Council itself maintains overall control of the governance framework and has been involved, for example, in approving the implementation of the risk management policy and statement of assurance processes. Primary responsibility for overseeing the governance process is the responsibility of the Audit Committee.

B. Internal Audit

Internal Audit reports any deficiencies in internal control to the Chief Executive and Directors whose responsibility it is to consider any recommendations made and to take necessary remedial action and also to the Audit Committee on a quarterly basis to ensure that continuous improvement takes place. These reports include a report on the progress being made to implement previous agreed recommendations and an annual report from the Head of Internal Audit, providing overall assurance on the systems of internal control in place.

The Council has both a four-year strategic audit plan and a one-year operational plan covering the financial year under review, both of which have been agreed by the Audit Committee following discussions with CLT and HoST. The internal audit approach is risk based, and the audit plan has been developed following an audit needs assessment as detailed in the Internal Audit Strategy 2024-2027.

During the year, 11 internal audits were completed, 10 of these were assurance reviews and the remaining one was a follow-up to a previous advisory report. Seven reviews received satisfactory assurance and three received limited assurance (see Significant Governance Issues Page 40). A total 23 recommendations were made, 18 priority 2 and five priority 3, all of which have been accepted by management, and each has been allocated to a responsible officer and given a timescale for implementation.

In addition, Council has closed a total of 30 recommendations during the year, the majority of which were outstanding from prior years and has accepted the risk of a further one.

During the year Internal Audit carried out a review of the contract management arrangements for a project to replace artificial pitch surfaces, where the contractor has gone into liquidation.

For the period under review, Internal Audit has provided a satisfactory assurance in relation to the Council's arrangements for governance, risk management and control, with the exception of the Use of Agency Staff Policy and Processes, Staff Performance Management and Climate Change Strategy where limited assurance was given.

C. Statements of Assurance

The Service Statements of Assurance have been reviewed and the following points noted:

General – Identification of Risk, Monitoring and Control measures

Internal controls have been confirmed as appropriate and therefore no key issues have been declared. All Services have confirmed that any risks identified have appropriate internal controls and any further actions taken, or to be taken, to adequately mitigate or resolve the risk have been identified.

Section 1 – Strategic and Operational Risk Management

Parks and Cemeteries Service is reporting that the increase in frequency of storms and the requirement for remedial work is putting pressure on budgets.

Finance Service is expecting the new financial management software to be implemented in the in the new financial year will improve expenditure controls.

Section 2 – Internal Control

Generally, there are no key issues arising to cause significant concern or requiring immediate action.

Section 3 – Governance

The Finance Service reported that both the number of outstanding internal audit recommendations and the length of time that they have been outstanding is a matter of concern. An evaluation of the combined risk is discussed under significant governance issues.

D. Corporate Risk Register

Within the register, management have identified five areas with significant residual risks (after current mitigating actions) regarding:

- Failure to adequately prepare for the impact of climate change on the Borough resulting in the failure to effectively deliver services (e.g. waste services) in line with net zero targets and obligations. More pro-active support is required across all Council Services to identify risk of climate change to both services and infrastructure. Annual review of climate risk register and implementation of Climate Adaptation Plan required to assess ongoing vulnerability.
- Not achieving the Council's net zero targets will could lead to significant financial sanctions and reputational damage for the Council. External support required to understand scope 3 reporting obligations and the information to be gathered from Council supply chain. Proactive support required across Council to progress the Climate Action Plan. A costed version of Action Plan demonstrating cross-directorate reporting is underway.
- Decline in the Council's non-domestic tax base leading to reduced spending power of the Council to deliver its services and potential increase in the domestic rate base to compensate, and failure to achieve a position of financial resilience or sustainability. The transfer of Regeneration Powers and Funding to Councils is required. Departmental funding required to be secured. The Council to agree ongoing Regeneration budget. Review and propose projects to address this decline.
- Failure to fulfil the Council's statutory obligations under the Burial Grounds Regulations (NI) 1992 regarding the provision of burial space due to a lack of space within current Borough cemeteries or within a specific area within the Borough resulting in reputational damage to the Council and non-compliance with the regulations. Capital project to proceed. Movilla Cemetery is running out of new burial space within next year. Team to urgently progress change of use at land adjacent to Movilla Cemetery. OBC was approved by Council in October 2025.
- Council's land assets are taken without permission due to a lack of resources, funding and monitoring leading to a loss of land and failure to deliver on the Council's Estates and Land and Property Strategies. Project to establish robust monitoring programme commenced. Lands team will be notified of any changes to land use and will investigate and action immediately.

E. Fraud, Whistle Blowing, Data Protection and Single Tender Actions

During the year there were two fraud related incidents and five single tenders awards. There were no whistleblowing incidents and no reportable data protection breaches occurred. These were dealt with in line with Council policy and reported to Audit Committee.

Significant governance issues

Three internal audit reports provided limited assurance regarding achieving system objectives:

1. Staff Performance Management review had three priority 2 recommendations in the following areas: inconsistent completion of staff appraisals, inadequate reporting and monitoring of appraisal process and updates to policies and procedures. All recommendations should be addressed in the first quarter of the new financial year.

2. Agency Worker review included two priority 2 and three priority 3 recommendations. Areas requiring addressing include: non-compliance with the policy, gaps in reporting agency worker costs, verification, procedure updates and monitoring of end dates. All recommendations were planned to be addressed in the first quarter of the new financial year.

3. Climate Change Strategy review had 4 priority 2 recommendations, covering
   a. inadequate governance structures and processes,
   b. controls over resource allocation, ownership and action plans,
   c. lack of prioritisation of actions and
   d. lack of monitoring and reporting on progress against plans.

   Management actions are planned throughout the new financial year to address these issues.

At the end of the financial year the status of outstanding internal audit recommendations was as follows:

	Priority 1	Priority 2	Priority 3	Total
Total Items Open	1	25	12	38
Items started and overdue	-	6	3	9
Items not started and overdue	1	11	6	18
Items not due yet	-	8	3	11

Management have carried out a review of the 69 management actions to implement these outstanding recommendations to establish whether taken together these constitute a significant risk to the organisation. Almost three quarters of these actions are less two years old and of the older ones the majority are in connection of policies, procedures or plans, which are not considered a significant risk. However, two thirds of outstanding actions are in connection with policy compliance or management review which in the short term constitutes a low risk, but may in the medium term increase to a modest risk to the organisation.

Outstanding recommendations have been a focus of the Audit Committee over the past year and management will be focussed on clearing the older recommendations over the next year and improving the speed at which actions are closed.

There are no other significant governance issues, although there are a number of areas where ongoing improvements can be made, these are not considered to be fundamental in nature.

Chief Executive and Chief Financial Officer	Chair of Audit Committee
21 September 2026	21 September 2026

Remuneration Report

Introduction

The Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 require larger local government bodies to prepare a remuneration report as part of the statement of accounts.

Allowance and Remuneration Arrangements

Councillors

Allowances are payable by Councils to councillors and committee members under Part 3 of the Local Government Finance Act (Northern Ireland) 2011 and the Local Government (Payments to Councillors) Regulations (Northern Ireland) 2019, which came into operation on 1 October 2019.

Guidance and determinations on Councillors' Allowances applicable from 1 April 2025 were issued by the Department for Communities on 20 October 2025 (Circular LG 17/2025). Details of the allowances paid to individual councillors are published on the Council's website.

Following local elections on 18 May 2023, 462 councillors were elected to 11 councils for a four-year term. Ards and North Down Borough Council had 40 councillors in 2025/26.

Senior Employees

The remuneration of senior employees employed by the Council is determined by the Council in line with that determined by the Joint Negotiating Committee for Chief Executives and National Joint Council (NJC) for Local Government Services for Directors. Senior staff are those staff who are members of the Corporate Leadership Team.

Council appointments of employees are made in accordance with the Local Government Staff Commissions' Code of Procedures on Recruitment and Selection, which requires appointment to be on merit and based on fair and open competition.

Unless otherwise stated below, the officials covered by this report hold appointments which are open-ended.

Allowances Paid to Councillors

The total amount paid to Councillors by way of allowances in 2025/26, under Part 3 of the Local Government Finance Act (Northern Ireland) 2011 and the Local Government (Payments to Councillors) Regulations (Northern Ireland) 2019 is set out in Table 1. This is audited information.

Independent Member – Audit Committee

Mr Paul Cummings was the independent member of the Audit Committee in 2025/26. The role is to help promote the highest standards in the financial management of the Council and thereby ensure the accountability of public funds. A payment of £270 is paid per meeting to cover preparation and attendance plus travel and expenses.

Table 1: Total Allowances paid to Councillors and Independent Members (audited information)

Allowance	2025/26		2024/25	
	Total Allowances £	Number of Councillors receiving Allowance	Total Allowances £	Number of Councillors receiving Allowance
Basic Allowance	692,241	42	678,514	44
Special Responsibility Allowance	20,045	20	23,560	20
Chairperson / Mayor Allowance	14,880	2	14,880	2
Vice Chairperson/ Deputy Mayor Allowance	7,440	2	7,440	2
Mileage Allowance	6,637	7	5,485	7
Other Travel Allowance	3,329	6	2,488	5
Subsistence	1,179	5	2,503	4
Training, Courses/ Conferences Visits	9,592	42	7,181	44
Dependents' Carers Allowance	-	-	-	-
Independent Member Allowance and Expenses	-	-	1,350	-
TOTAL ALLOWANCES	**755,343**		**743,401**	

During the 2025/26 financial year 42 different councillors were remunerated. Two councillors resigned from the Council during the year and were replaced in line with legislation.

Details of the allowances paid to individual councillors are published on the Council's website at [Remuneration Report | Ards and North Down Borough Council]

Remuneration of Senior Employees

The remuneration of senior employees covers the Corporate Leadership Team. The following table provides details of the remuneration paid to senior employees:

Table 2: Remuneration (including salary) (audited information)

Officers	2025/26			2024/25		
	Salary £'000	Benefits in kind £'00	Total £'000	Salary £'000	Benefits in kind £'00	Total £'000
S McCullough Chief Executive	120 - 125	1	120 -125	115 - 120	1	115 -120
G Bannister DCW/DES	100 - 105	5	100 - 105	95 - 100	5	95 - 100
D Lindsay DE	50 - 55	0	50 - 55	95 - 100	1	95 - 100
A McCullough DPr	90 - 95	1	90 - 95	95 - 100	1	95 - 100
M Steele DCS/ACE	110 - 115	1	110 - 115	95 - 100	1	95 - 100
B Dorrian DP&P	95 - 100	1	95 - 100	90 - 95	1	90 - 95
S Reid Chief Executive	-	-	-	20 -25 (130 – 135)	1	20 -25 (130 – 135)
A Faulkner DAHC	85 – 90 (95 – 100)	5	85 – 90 (95 – 100)	-	-	-
C Jackson DCS	80 – 85 (95 – 100)	5	80 – 85 (95 – 100)	-	-	-

Full year equivalent is in brackets, where this is applicable.

DCW – Director of Community and Wellbeing (ceased 31/08/2025)
DE – Director of Environment (ceased 30/09/2025)
DES – Director of Environmental Services (commenced 01/09/2026)
DP&P – Director of Place (& Prosperity from 01/10/2025)
DPr – Director of Prosperity (ceased 30/09/2025)
DCS – Director of Corporate Services (Oct'25 to Mar'26)
DCS/ACE – Director of Corporate Services/Acting Chief Executive from Oct'25 to Mar'26)
DAHC – Director of Active & Healthy Communities (commenced 01/09/2026)

Table 3: Relationship between the remuneration of the highest paid member of the Corporate Leadership Team and the median remuneration of the Council's workforce (audited information)

	2025/26 £	Restated 2024/25 £
Salary Band of Highest Paid member of the Corporate Leadership Team	120,000 – 125,000	115,000 – 120,000
Median Total Remuneration	25,584	26,381
Ratio	4.79	4.45

In 2025/26, three employees received remuneration more than the highest paid member of the Corporate Leadership Team (See Exit Packages below).

Total remuneration includes salary, bonus payments (none paid) and benefits in kind (staff leisure membership and health insurance both taxed at source).

Salary
"Salary" includes gross salary, overtime, taxable mileage payments and any gratia payments.

Benefits in Kind
The monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue and Customs as a taxable emolument.

Exit Packages for staff (audited information)

Cost £'000	2025/26 No. of Voluntary Departures Agreed	2024/25 No. of Voluntary Departures Agreed
300 – 350	1	-
250 – 300	1	-
200 – 250	-	-
150 – 200	1	-

There were no compulsory redundancies in the either the current or comparative year.

These packages were made following due process and will deliver budget savings in accordance with the redundancy policy.

Pension Benefits

The Local Government Pension Scheme (Northern Ireland) (the Scheme) is a funded defined benefit pension scheme, which provides retirement benefits for council employees on a "career average revalued earnings" basis from 1 April 2015. Prior to that date benefits were built up on a "final salary" basis.

From 1 April 2015, a member builds up retirement pension at the rate of 1/49th pensionable pay for each year of membership. Pension benefits in relation to membership between 1 April 2009 and 31 March 2015 were built up at the rate of 1/60th pensionable pay for each year of membership. There is no automatic lump sum provided in respect of membership after 31 March 2009. Pension benefits in relation to any membership before 1 April 2009 were built up at the rate of 1/80th (pension) and 3/80ths (tax-free lump sum) of pensionable pay for each year of membership up to 31 March 2009. At retirement, members may give up some pension for additional lump sum, subject to HM Revenue and Customs (HMRC) limits. The conversion rate is £12 additional lump sum for every £1 of pension given up.

Councillors have been able to join the Scheme since May 2011. The Scheme application is modified to reflect the fact that councillors hold an elected office. Councillor members have always accrued pension on a career average basis. Prior to 1 April 2015 pension was accrued at a rate of 1/60th and thereafter at a rate of 1/49th.

The Scheme is funded by contributions made by both employees/councillors and employers. Prior to 1 April 2009, a member's contribution rates were fixed at 6% of their pensionable remuneration (except for those who were entitled to contribute to the Scheme at 5% before 1 February 2003 and have remained in continuous employment). Tiered member contribution rates, determined by the whole-time equivalent rate of pay, were introduced from 1 April 2009. From 1 April 2015, the member contribution rates are determined on the actual rate of pay.

The ranges for the bands for tiered contribution rates are revised by the Department for Communities in April each year in accordance with the increase applied to a pension in payment. The bands, effective from 1 April 2025, were as set out in Table 4 below.

Table 4: Employee Contribution Rates

Band	Range	Employee Contribution Rate
1	£0 - £18,300	5.5%
2	£18,301 - £28,100	5.8%
3	£28,101 - £47,000	6.5%
4	£47,001 - £57,200	6.8%
5	£57,201 - £113,500	8.5%
6	More than £113,500	10.5%

Employers' contribution rates are determined by the fund's actuary every three years at the triennial valuation. A formal triennial actuarial valuation of the Fund as at 31 March 2022 was carried out in 2022/23 and set employer contribution rates for the 3 years commencing 1 April 2023 as follows:

Table 5: Employer Contribution Rates

Year	Employer Contribution Rate
1 April 2023 - 31 March 2024	19.0%
1 April 2024 - 31 March 2025	19.0%
1 April 2025 – 31 March 2026	19.0%

The next triennial valuation will take place as at 31 March 2025 with revised employers contribution rates set from 1 April 2026. NILGOSC expect to notify employers of their provisional contribution rates for 2026/27 in November/December 2025.

The Local Government Pension Scheme Regulations (Northern Ireland) 2014 were made on 27 June 2014 and The Local Government Pension Scheme (Amendment and Transitional Provisions) Regulations (Northern Ireland) 2014 were made on 30 June 2014. Both sets of regulations are effective from 1 April 2015.

Councillors have been able to join the Scheme since May 2011 and therefore have not accrued significant benefits thus far. However, the in-year pension contributions made by the Council for all Councillors during 2025/26 were £134k (2024/25: £129k).

The value of pension benefits of the most senior management of the Council accrued during the year was as follows:

Table 6: Pension Benefits of senior staff in 2025/26 (audited information)

Officers	Accrued Pension at pension age as at 31/3/26 and related lump sum £'000	Real increase in pension and related lump sum at pension age £'000	CETV at 31/3/26 £'000	CETV at 31/3/25 £'000	Real increase in CETV £'000
S Reid	-	-	-	1,551	-
D Lindsay	55 - 60 and lump sum 75 - 80	0 - 2.5 and lump sum -2.5 - 0	1,199	1,146	28
B Dorrian	55 - 60 and lump sum 75 - 80	2.5 - 5 and lump sum 0-2.5	1,208	1,104	54
S McCullough Chief Executive	60 - 65 and lump sum 70 - 75	2.5 - 5 and lump sum 2.5 - 5	1,203	1,051	100
G Bannister	55 - 60 and lump sum 70 - 75	0 – 2.5 and lump sum -2.5 - 0	1,125	1,048	29
A McCullough	40 - 45 plus lump sum 105 - 110	0 – 2.5 plus lump sum 0 – 2.5	921	870	26
A Faulkner	30 – 35 and lump sum 30 - 35	2.5 – 5 and lump sum 2.5 - 5	576	480	78
C Jackson	20 - 25 and lump sum 15 - 20	0 – 2.5 and lump sum 0 – 2.5	474	417	44
M Steele	5 - 10 and lump sum nil	0 – 2.5 and lump sum nil	76	49	16

The Cash Equivalent Transfer Value (CETV)

This is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. It is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the pension benefits, they have accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

The real increase in the value of the CETV

This reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period. However, the real increase in calculation uses common actuarial factors at the start and end of the period so that it disregards the effect of any changes in factors and focuses only on the increase that is funded by the employer.

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Chief Executive
21 September 2026

Certificate of the Chief Financial Officer

I certify that:

(a) the Statement of Accounts for the year ended 31 March 2026 on pages **1** to **120** has been prepared in the form directed by the Department for Communities and under the accounting policies set out on pages **56** to **74**.

(b) in my opinion the Statement of Accounts give a true and fair view of the income and expenditure and cash flows for the financial year and the financial position as at the end of the financial year ending 31 March 2026.

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Chief Executive and Chief Financial Officer
21 September 2026

Council Approval of Statement of Accounts

These accounts were approved by resolution of the Audit Committee on 21 September 2026.

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Chairman
21 September 2026

Auditor’s Report

Independent Auditor’s Report to the Members of Ards and North Down Borough Council

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARDS AND NORTH DOWN BOROUGH COUNCIL

Financial Statements

Comprehensive Income and Expenditure Statement
For the year ended 31 March 2026

The Comprehensive Income and Expenditure Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Councils raise taxation to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

	Note	2025/26 £'000	2024/25 £'000
Services Expenditure			
Payroll and other labour	7	41,798	39,766
Capital Charges		13,156	12,312
Waste Disposal		7,913	7,179
Maintenance		3,130	3,234
Energy		3,344	3,447
Other Expenditure		18,705	18,141
Income		(21,928)	(14,434)
Cost of Services on Continuing Operations	2	**66,118**	**69,645**
Other Operating Expenditure / Income		(15)	(3,915)
Financing and Investment Income and Expenditure	9	1,690	1,189
Net Operating Expenditure		**67,793**	**66,919**
Taxation and Non-Specific Grant Income	10	(70,583)	(85,554)
Surplus/(Deficit) on the Provision of Services		**2,790**	**18,635**
Surplus/(Deficit) on revaluation of non-current assets	12	5,254	7,245
Impairment losses on non-current assets charged to the Revaluation Reserve	12	-	-
Re-measurements of the Net Defined Benefit Liability/ (Asset)	22	(1,548)	276
Other Comprehensive Income and Expenditure		**3,706**	**7,521**
Total Comprehensive Income and Expenditure		**6,496**	**26,156**

Movement in Reserves Statement
For the year ended 31 March 2026

The Statement shows the movement in the year on the different reserves held by the authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. The Statement shows how the movements in year of the Council's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustment required to return to the amounts chargeable to council tax for the year. The Net Increase/Decrease line shows the statutory General Fund Balance movements in the year following those adjustments.

	General Fund £'000	Other Fund Balances & Reserves £'000	Capital Receipts Reserve £'000	Total Usable Reserves £'000	Total Unusable Reserves £'000	Total Council Reserves £'000
At 1 April 2025	7,600	34,573	2,461	44,634	196,903	241,537
Movement in reserves during the year:						
Surplus or (deficit) on the provision of services	2,790	-	-	2,790	-	2,790
Other Comprehensive Income and Expenditure	-	-	-	-	3,706	3,706
Total Comprehensive Income and Expenditure	**2,790**	**-**	**-**	**2,790**	**3,706**	**6,496**
Adjustments between accounting basis & funding under regulations	(1,228)	632	(1,014)	(1,610)	1,674	64
Net Increase / (Decrease) before transfers to Statutory and Other Reserves	**1,562**	**632**	**(1,014)**	**1,180**	**5,380**	**6,560**
Transfers to/(from) Statutory and Other Reserves	(1,505)	1,505	**-**	**-**	**-**	**-**
Increase/(Decrease) in Year	**57**	**2,137**	**(1,014)**	**1,180**	**5,380**	**6,560**
At 31 March 2026	**7,657**	**36,710**	**1,447**	**45,814**	**202,283**	**248,097**

Movement in Reserves Statement
For the year ended 31 March 2025

Comparative Year

	General Fund £'000	Other Fund Balances & Reserves £'000	Capital Receipts Reserve £'000	Total Usable Reserves £'000	Total Unusable Reserves £'000	Total Council Reserves £'000
At 1 April 2024	6,268	16,261	3,225	25,754	189,627	215,381
Movement in reserves during the year:						
Surplus or (deficit) on the provision of services	18,635	-	-	18,635	-	18,635
Other Comprehensive Income and Expenditure	-	-	-	-	7,521	7,521
Total Comprehensive Income and Expenditure	**18,635**	**-**	**-**	**18,635**	**7,521**	**26,156**
Adjustments between accounting basis & funding under regulations	(13,161)	14,170	(764)	245	(245)	-
Net Increase / (Decrease) before transfers to Statutory and Other Reserves	**5,474**	**14,170**	**(764)**	**18,880**	**7,276**	**26,156**
Transfers to/(from) Statutory and Other Reserves	(4,142)	4,142	-	-	-	-
Increase/(Decrease) in Year	**1,332**	**18,312**	**(764)**	**18,880**	**7,276**	**26,156**
At 31 March 2025	**7,600**	**34,573**	**2,461**	**44,634**	**196,903**	**241,537**

Ards and North Down Borough Council
Balance Sheet
As at 31 March 2026

	Notes	2025/26 £'000	2024/25 £'000
Fixed Assets	12	280,316	275,670
Long Term Debtors	16	48,053	55,135
LONG TERM ASSETS		**328,369**	**330,805**
Short Term Investments	17	-	-
Inventories	15	367	307
Short Term Debtors	16	18,073	12,194
Cash and Cash Equivalents	26	8,003	12,003
Assets Held for Sale	12f	530	530
CURRENT ASSETS		**26,973**	**25,034**
Bank Overdraft	26	639	2,664
Short Term Borrowing	18a	3,211	3,669
Short Term Creditors	19	7,606	9,751
Provisions	20	899	401
CURRENT LIABILITIES		**12,355**	**16,485**
Long Term Creditors	19	-	-
Provisions	20	941	979
Long Term Borrowing	18b	56,192	59,067
Other Long-Term Liabilities	22	666	680
Capital Grants Receipts in Advance	24	37,091	37,091
LONG TERM LIABILITIES		**94,890**	**97,817**
NET ASSETS		**248,097**	**241,537**
USABLE RESERVES			
Capital Receipts Reserve	27a	1,447	2,461
Capital Grants Unapplied Account	27b	16,771	19,130
Revenue Grants Unapplied Account	27c	3,553	167
Earmarked Fund	27d	16,386	15,276
General Fund	27e	7,657	7,600
		45,814	**44,634**
UNUSABLE RESERVES			
Capital Adjustment Account	28a	88,567	84,057
Revaluation Reserve	28b	115,200	114,278
Pensions Reserve	28c	(666)	(680)
Accumulated Absences Account	28d	(818)	(752)
		202,283	**196,903**
NET WORTH		**248,097**	**241,537**

Cash Flow Statement
As at 31 March 2026

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.

	Notes	2025/26 £'000	2024/25 £'000
Net surplus / (deficit) on the provision of services		2,790	18,635
Adjustment for non-cash movements	26a	11,184	4,588
Adjustment for items included in the net surplus or deficit on the provision of services that are investing and financing activities	26a	(50)	(41)
Net cash flows from Operating Activities		13,924	23,182
Net Cash flows from Investing Activities	26d	(12,081)	(19,885)
Net Cash flows from Financing Activities	26e	(3,818)	(2,775)
Net increase / (decrease) in cash and cash equivalents		(1,975)	522
Cash and cash equivalents at the beginning of the reporting period	26b	9,339	8,817
Cash and cash equivalents at the end of the reporting period		7,364	9,339

Notes to the Financial Statements

1A Accounting Policies

General Principles

The Statement of Accounts summarises the Council's transactions for the 2025/26 financial year and its position at the year-end of 31 March 2026. The Council is required to prepare an annual Statement of Accounts in a form directed by the Department for Communities in accordance with regulations 3 (7) and (8) in the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26, supported by International Financial Reporting Standards (IFRS). The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments. The Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 also requires disclosure in respect of:

Summary of Significant Accounting Policies

i) Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular: .

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.

- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption they are carried as inventories on the Balance Sheet.

- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.

- Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

ii) Acquisitions and Discontinued Operations

The Council has not acquired operations (or transferred operations under machinery of government arrangements) during the financial year.

The Council has not discontinued any operations (or transferred operations under combinations of public sector bodies) during the financial year.

iii) Provisions for Single Status, Job Evaluation and Pay and Grading Reviews

As both the legacy Councils have already completed the Pay & Grading review under Single Status there is no longer a requirement to make a provision.

Notes to the Financial Statements
For the year ended 31 March 2026

iv) Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in no more than three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management. Any bank overdrafts are shown within current liabilities on the balance sheet.

v) Contingent Assets

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

vi) Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably. Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

vii) Employee Benefits

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees, are recognised as an expense in the year in which employees render service to the Council. An accrual is made for the cost of holiday, flexi and time off in lieu entitlements earned by employees but not taken before the year-end and which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services but then reversed out through the Movement in Reserves Statement so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

Termination benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service segment or, where applicable, to a corporate service segment at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post-Employment Benefits

Most employees of the Council are members of the Northern Ireland Local Government Officers' Pension Fund administered by the Northern Ireland Local Government Officers' Superannuation Committee. The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council.

The Northern Ireland Local Government Officers' Pension Fund

The Northern Ireland Local Government Officers' Pension Fund is accounted for as a defined benefits scheme.

The liabilities of the Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc. and projections of projected earnings for current employees.

Liabilities are discounted to their value at current prices, using a discount rate based on the Aon GBP Select AA Curve over the duration of the Employer's liabilities.

The assets of the Northern Ireland Local Government Officers' pension fund attributable to the Council are included in the Balance Sheet at their fair value:

- quoted securities – current bid price;
- unquoted securities – professional estimate;
- property – market value;
- unitised securities – current bid price.

The change in the net pension liability is analysed into seven components as follows:

1. Service cost comprising:

   - **current service cost –** the increase in liabilities as a result of years of service earned this year - allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked;

   - **past service cost –** the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years - debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statements. The treatment of past service costs will depend on the decisions of the Council about how they are allocated to service segments;

2. Within Financing Investment Income and Expenditure:

   - **Net interest on the net defined benefit liability (asset) –** i.e. net interest expense for the Council, the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement - this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period - taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

Notes to the Financial Statements
For the year ended 31 March 2026

3. Within Other Comprehensive Income and Expenditure (Re-measurements):

- **the return on plan assets –** excluding amounts recognised in the Net Interest on the Net Defined Benefit Liability (Asset). This includes interest, dividends and other income derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of managing plan assets, and any tax payable by the plan itself other than tax included in the actuarial assumptions used to measure the present value of the defined benefit obligation;

- **actuarial gains and losses** – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions, charged to the Pensions Reserves as Other Comprehensive Income and Expenditure.

4. Within the Movement in Reserves Statement Appropriations:

- **contributions by scheme participants** – the increase in scheme liabilities and assets due to payments into the scheme by employees (where increased contribution increases pension due to the employee in the future).

- **contributions by the employer –** the increase in scheme assets due to payments into the scheme by the employer.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are made to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

5. Discretionary Benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies that are applied to the Northern Ireland Local Government Officers' pension fund.

The Northern Ireland Civil Service Pension Fund

As a result of Local Government Reform on 1 April 2015, staff that transferred from Central Government to the Council retained membership of the Northern Ireland Civil Service (NICS) Pension Scheme. The scheme provides defined benefits to members (retirement lump sums and pensions). However, the arrangements for the NICS Pension Scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the Council. The scheme is therefore accounted for as if it was a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet.

Notes to the Financial Statements

For the year ended 31 March 2026

viii) Events After the Balance Sheet Date

Events after the balance sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events.
- those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect disclosure is made in the notes of the nature of the events and their estimated financial effect.

The Statement of Accounts may subsequently be adjusted up to the date when they are authorised for issue. This date will be recorded on the financial statements and is usually the date the Local Government Auditor issues her certificate and opinion. Where material adjustments are made in this period they will be disclosed.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

ix) Exceptional Items

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Council's financial performance.

x) Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e., in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

xi) Financial Instruments

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

However, the bonds issued by the Council in 2025/26 are carried at a lower amortised cost than the outstanding principal, and interest is charged at a marginally higher effective rate of interest than the rate payable to bondholders, as a material amount of costs incurred in its issue is being financed over the life of the stock.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund balance to be spread over future years. The Council has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics.

There are three main classes of financial assets measured at:

- amortised cost
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI)

The Council's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the Council, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure is the amount receivable for the year in the loan agreement.

Interest is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement at a marginally higher effective rate of interest than the rate receivable from the voluntary organisations, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year - the reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Expected Credit Loss Model

The Council recognises expected credit losses on all of its financial assets held at amortised cost [or where relevant FVOCI], either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the Council.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

Financial Assets Measured at Fair Value through Profit or Loss

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on Provision of Services.

The fair value measurements of the financial assets are based on the following techniques:

- instruments with quoted market prices – the market price;
- other instruments with fixed and determinable payments – discounted cash flow analysis;

The inputs to the measurement techniques are categorised in accordance with the following three levels:

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the authority can access at the measurement date.
- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 inputs – unobservable inputs for the asset.

Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

xii) Foreign Currency Translation

Where the Council has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective. Where amounts in foreign currency are outstanding at the year-end, they are reconverted at the spot exchange rate at 31 March. Resulting gains or losses are recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

xiii) Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

- the Council will comply with the conditions attached to the payments; and
- the grants or contributions will be received.

Amounts recognised as due are not credited to the Comprehensive Income and Expenditure Statement until conditions attaching to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

xiv) Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Council will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and restricted to that incurred during the development phase (research expenditure is not capitalised).

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Council's goods or services.

Notes to the Financial Statements

For the year ended 31 March 2026

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Council can be determined by reference to an active market. In practice, no intangible asset held by the Council meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in Cost of Services on Continuing Operations in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in Cost of Services on Continuing Operations in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and for any sale proceeds greater than £5,000, the Capital Receipts Reserve.

xv) Inventories & Long-Term Contracts

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using the weighted average costing formula.

Long Term revenue contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

xvi) Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm’s length. Investment properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line in the Comprehensive Income and Expenditure Statement and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and the Capital Receipts Reserve.

xvii) Leases

Leases are classified as leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases. Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Council as Lessee - Lease

Finance Leases:

The 2024/25 financial year included transition to IFRS 16 – Leases within the Code of Practice on Local Authority Accounting (the Code). Under this transition property, plant and equipment held under leases are recognised as right of use assets on the Balance Sheet. The Council has availed of provisions in the Code allowing prospective application of the changes in accounting. This means a prior year restatement of the balance sheet is not required. Provisions in the Code also allow for leases not to be recognised if they are short-term leases (less than one year) and where the asset is of low value. At the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease liability, and
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement)

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Council at the end of the lease period).

The Council is not required to raise District Rates to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual provision is made from revenue towards the deemed capital investment in accordance with statutory requirements. Depreciation and impairment losses are therefore replaced by a revenue provision in the General Fund balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating Leases:

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefiting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

The Council as Lessor - Lease

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal.

A gain, representing the Council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease asset (long term debtor) in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease asset (long term debtor) together with any premiums received, and

- finance income (credited to the Financing and Investment income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and will be required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are paid, the element for the charge for the acquisition of the interest in the property is used to write down the lease asset (debtor). At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

The written-off value of disposals is not a charge against District rates, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Operating Leases:

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

xviii) Disposals and Non-Current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously recognised losses. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Held for Sale, they are reclassified back to non-current assets and valued at the lower of its carrying amount before they were classified as Held for Sale: adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

Notes to the Financial Statements
For the year ended 31 March 2026

Assets that are to be decommissioned i.e. abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of, or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Summary as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal are categorised as capital receipts and credited to the Capital Receipts Reserve. Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against District Rates, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

xix) Overheads and Support Services

Overheads and support services are no longer recharged to frontline services, as in previous years. This follows changes to the CIPFA code and the ‘telling the story’ initiative where the Comprehensive Income and Expenditure Statement is now formatted in the same manner as the Council reports internally.

xx) Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition
Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset’s potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

Measurement
Assets over £5,000 are initially measured at cost, comprising:

- the purchase price;
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management;
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The Council does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition will not increase the cash flows of the Council. In the latter case, where the asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

Assets are then carried in the Balance Sheet using the following measurement bases:

- infrastructure, community assets and assets under construction – depreciated historical cost;
- surplus assets – the current value measurement base is fair value, estimated at the highest and best use from a market participant's perspective;
- all other assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost is used as an estimate of fair value.

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2008 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for as follows:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains); and

- where there is no balance in the Revaluation Reserve, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation
Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is charged on a straight-line basis on each main class of asset as follows:

- buildings and infrastructure assets are depreciated on their current value over the estimated useful life of the asset as advised by a suitably qualified officer. Depending on the type of building, installation or fitting the maximum useful life will be in the range of 2 to 110 years.

- plant, vehicles and equipment are depreciated on historic cost using a life of between 3 and 30 years.

- the Council applies a full year depreciation in the year of acquisition and no depreciation in the year of disposal.

Componentisation
Where an item of Property, Plant and Equipment has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

Componentisation is only applicable to larger value land and buildings or equipment assets.

Revaluations
Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

xxi) Heritage Assets

Heritage Assets are assets with historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture. They are intended to be preserved in trust for future generations because of their cultural, environmental or historic associations and are held by the Council in pursuit of its overall objectives in relation to the maintenance of heritage.

The carrying amounts of heritage assets are reviewed where there is evidence of impairment for heritage assets, e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Council's general policies on impairment (see note xviii in this summary of significant accounting policies). The Council will occasionally dispose of heritage assets which have a doubtful provenance or are unsuitable for public display. The proceeds of such items are accounted for in accordance with the Council's general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts.

The Council's capitalisation limit for this class of asset is £5,000. Due to the fluctuating nature in value of such assets, the Council will only derecognise assets once they fall below a value of £2,500.

Heritage assets are deemed to have indeterminate lives and a high residual value; hence the Council does not consider it appropriate to charge depreciation.

Notes to the Financial Statements
For the year ended 31 March 2026

The Council's heritage assets can be classified into one of four main headings as follows:

Paintings and Drawings
It is within this category that most of the Council's heritage assets lie, the most significant of which are paintings which are on display around Bangor Town Hall in corridors and offices. The most important collections are those by James Humbert Craig and the gallery copies of Old Masters by Edwin Long. There is also a good selection of renowned Irish artists including William Conor, Maurice MacGonigal, Georgina Moutray Kyle and Charles Lamb.

Artefacts
Most of these items are small pieces relating to North Down from prehistory to modern day. Among the older artefacts is a fair example of a set of giant Irish elk antlers. However, the most valuable item is the Victoria Cross and other medals awarded to Commander Hon. Edward Barry Bingham for his role in the Battle of Jutland.

There are also some important artefacts relating to the families of Bangor Castle. Of interest are the Raven Maps, a 17th century folio mapping the estate of Sir James Hamilton. Other notable artefacts include the Bangor Bell, a bronze hand bell believed to be from the 9th century and some Blair Mayne memorabilia.

There are also some artefacts, mostly oriental, relating to Sir John Newell Jordan. The majority of these pieces are porcelain or china but there are also scrolls, export chests and a few bronze items including representations of Buddhas.

Furniture of historical interest
This not only encompasses chairs and tables but also large pieces such as cabinets and bookcases. There are a number of 17th century chairs originating from the Ward family. Of particular note is a large Regency bookcase in mahogany.

Other Heritage Assets

Civic Regalia
This collection consists of the Mayor's Gold Chain of Office, Deputy Mayor's Gold Chain of Office, Council Mace and other assorted items received or acquired by the Council as part of its Civic role.

Statues, War Memorials and Public Art
These encompass the Blair Mayne Statue (situated in Conway Square, Newtownards), Gillespie's Monument (situated in the Square, Comber), Cenotaph (situated in Court Square, Newtownards), the Bangor Bell Public Art piece and some other less prominent pieces.

The entire collection is relatively static; acquisitions and donations are infrequent. Where they do occur, acquisitions are initially recognised at cost and donations are recognised at valuation. Valuations are ascertained by a suitably experienced expert in their respective fields. However, there are some for which a nominal value is assigned as this would involve a disproportionate cost in comparison to the benefits to the users of the Council's financial statements. This is because of the diverse nature of the assets held and the lack of comparable values.

xxii) Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Notes to the Financial Statements
For the year ended 31 March 2026

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation and measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation.

xxiii) Reserves and Funds

The Council sets aside specific amounts as funds for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against District Rates for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, accumulated absences and retirement benefits and do not represent usable resources for the Council – these reserves are explained in the relevant note to the accounts.

xxiv) Charges to Revenue for Non-Current Assets

Charges to revenue (e.g. services, support services and trading accounts) for non-current assets are debited with the following amounts to record the cost of holding fixed assets during the year:

- depreciation attributable to the assets used by the relevant service;
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off; and
- amortisation of intangible non-current assets attributable to the service.

The Council is not required to raise District Rates to cover depreciation, impairment losses or amortisations. However, it is required to make an annual provision from revenue to contribute towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance, referred to as Minimum Revenue Provision (MRP) in the General Fund balance. Depreciation, impairment losses and amortisations are therefore replaced by MRP in the General Fund balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

xxv) Revenue Expenditure funded from Capital under Statute (REFCUS)

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged, so that there is no impact on the level of District Rates.

xxvi) Value Added Tax

All expenditure and income, irrespective of whether it is revenue or capital in nature, is shown net of Value Added Tax, unless it is irrecoverable.

xxvii)Fair Value Measurement

The Council measures some of its non-financial assets such as surplus assets and investment properties at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

a. in the principal market for the asset or liability; or
b. in the absence of a principal market, in the most advantageous market for the asset or liability.

The Council measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. When measuring the fair value of a non-financial asset, the council takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Council uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Council's financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3 – unobservable inputs for the asset or liability.

1B Accounting Standards that have been issued but have not yet been Adopted

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires an authority to disclose information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. The Code also requires that changes in accounting policy are to be applied retrospectively unless transitional arrangements are specified, this would result in an impact on disclosures spanning two financial years.

Paragraph 3.3.4.3 and Appendix C of the Code adapt IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* on an annual basis to limit the impact of standards that have been issued but not yet adopted to those listed in Appendix C of the Code in the relevant year of account (in this case the 2026/27 Code). This means that only the standards listed from a) to c) below are included in the requirements for IAS 8 for standards that have been issued and not yet adopted.

The standards introduced by the 2026/27 Code where disclosures are required in the 2025/26 financial statements, in accordance with the requirements of paragraph 3.3.4.3 of the Code, are:

a) **Amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (Amendments to Heritage assets)** issued in March 2024.

b) **Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)** issued in May 2024.

c) **Annual improvements to IFRS accounting standards – Volume 11** issued in July 2024.

d) **Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7)** issued in December 2024.

It is likely there will be limited application of items a) to d). although authorities will need to consider their individual circumstances in case any of these standards apply. Further details on these changes to the Code can be found in the 2026/27 Code Consultation.

- As regards a), it is unlikely to have a material impact on the accounts of the Council, whose heritage -asset accounting is governed primarily by the |Code of Practice on Local Authority Accounting (CIPFA/LASAAC) rather than by FRS 102 directly.
- The clarifications and extra disclosures introduced by b) – (ESG-linked features, electronic settlement derecognition, contingent features) generally do not apply to councils who typically hold very simple financial instrument portfolios.
- As regards c), volume 11 improvements they are unlikely to have a material impact on Ards & North Down Council's accounts typically being described as clarifications, corrections and minor consistency fixes rather than changes to core recognition or measurement principles.
- Again d) will almost certainly not impact on the council unless they start using complex renewable power purchase agreements.

1C Critical Judgments in Applying Accounting Policies

For the 2025/26 financial year, the Council has not made any critical judgements about complex transactions or those involving uncertainty about future events.

1D Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

Notes to the Financial Statements

For the year ended 31 March 2026

The items in the Council's Balance Sheet at 31 March 2026 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

i) Insurance Claims

The Council has made a provision of £941k for the settlement of insurance claims, arising from claims submitted to the Council under its self-insurance scheme for public and employee liability. These claims are those that have been received since 1 April 2017, which were still outstanding at 31 March 2026.

This is a general provision, based on average settlement rates and represents an estimated liability in respect of claims lodged but being strongly contested by the Council.

ii) Pensions Liability

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. The Council's pension provider's actuaries, Aon Hewitt, are engaged to provide the Council with expert advice about the assumptions to be applied.

The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate would result in a decrease of 1.50% in the present value of the pension liability. Further information on the effects on the net pension liability of changes in assumptions is disclosed in note 22e on page 109.

Notes to the Financial Statements
For the year ended 31 March 2026

2a) Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, service charges and district rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the council's directorates and services. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

	2025/26			2024/25		
	Net Expenditure Chargeable to the General Fund	Adjustments between the Funding and Accounting basis	Net Expenditure in the Comprehensive Income and Expenditure Statement	Net Expenditure Chargeable to the General Fund	Adjustments between the Funding and Accounting basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£’000	£’000	£’000	£’000	£’000	£’000
Community & Wellbeing HQ	260	(9)	251	295	3	298
Environmental Health	2,330	(126)	2,204	2,138	26	2,164
Community & Culture	2,449	(3,383)	(934)	2,338	90	2,428
Parks and Cemeteries	5,627	1,849	7,476	4,824	1,457	6,281
Leisure	1,589	5,203	6,792	1,318	4,427	5,745
Environment HQ	224	(5)	219	212	-	212
Waste and Cleansing	14,943	642	15,585	17,285	1,162	18,447
Assets and Property Services	10,248	2,046	12,294	10,192	2,276	12,468
Regulatory Services	512	293	805	537	390	927
Prosperity HQ	75	-	75	151	2	153
Economic Dev	826	1,449	2,275	961	1,433	2,394
Planning	1,644	(10)	1,634	1,605	15	1,620
Tourism	2,096	(24)	2,072	1,724	58	1,782
Place HQ	279	(13)	266	252	3	255
Regeneration	1,210	80	1,290	865	218	1,083
Strategic Capital Development	365	(20)	345	307	1	308
Corporate Services HQ	165	3	168	170	4	174

Notes to the Financial Statements

For the year ended 31 March 2026

	2025/26			2024/25		
	Net Expenditure Chargeable to the General Fund	Adjustments between the Funding and Accounting basis	Net Expenditure in the Comprehensive Income and Expenditure Statement	Net Expenditure Chargeable to the General Fund	Adjustments between the Funding and Accounting basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£'000	£'000	£'000	£'000	£'000	£'000
Internal Audit	109	-	109	110	-	110
Finance	1,293	(39)	1,254	1,282	15	1,297
Strategic Transformation and Performance	2,325	62	2,387	2,507	137	2,644
HR & OD	1,436	(43)	1,393	1,315	12	1,327
Administration	5,188	56	5,244	4,845	172	5,017
Chief Executive	1,213	(12)	1,201	389	8	397
Community Planning	227	(11)	216	219	7	226
Communications and Marketing	984	(21)	963	902	27	929
Capital Financing	7,926	(7,926)	-	7,068	(7,068)	-
Year End Transactions	89	445	534	(50)	135	85
REFCUS	-	-	-	-	874	874
Net Cost of Services	65,632	486	66,118	63,761	5,884	69,645
Other Income and Expenditure	(67,194)	(1,714)	(68,908)	(69,235)	(19,045)	(88,280)
(Surplus) or Deficit	(1,562)	(1,228)	(2,790)	(5,474)	(13,161)	(18,635)
Opening General Fund			7,600			6,268
Surplus/ (Deficit) on General Fund Balance in Year			1,562			5,474
Transfers (to)/from Statutory and Other Reserves			(1,505)			(4,142)
Closing General Fund			7,657			7,600

Notes to the Financial Statements
For the year ended 31 March 2026

2b) Note to the Expenditure and Funding Analysis

This note provides a reconciliation of the main adjustments to Net Expenditure Chargeable to the General Fund to arrive at the amounts in the Comprehensive Income and Expenditure Statement. The relevant transfers between reserves are explained in the Movement in Reserves Statement.

Adjustments between Funding and Accounting Basis 2025/26				
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts	**Adjustments for Capital Purposes**	**Net Change for the Pension Adjustments**	**Other Statutory/non -statutory Adjustments**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
Community & Wellbeing HQ	-	(11)	2	(9)
Environmental Health	4	(118)	(12)	(126)
Community & Culture	78	(79)	(3,382)	(3,383)
Parks and Cemeteries	2,024	(180)	5	1,849
Leisure	5,431	(220)	(8)	5,203
Environment HQ	-	(8)	3	(5)
Waste and Cleansing	1,136	(488)	(5)	643
Assets and Property Services	2,149	(114)	12	2,047
Regulatory Services	385	(99)	8	294
Prosperity HQ	-	-	-	-
Economic Development	1,470	(30)	8	1,448
Planning	-	(32)	22	(10)
Tourism	32	(51)	(5)	(24)
Place HQ	-	(8)	(5)	(13)
Regeneration	119	(39)	(1)	79
Strategic Capital Development	-	(26)	5	(21)
Corporate Services HQ	-	(7)	10	3
Internal Audit	-	-	-	-
Finance	-	(59)	21	(38)
Strategic Transformation and Performance	110	(45)	(3)	62
HR & OD	-	(45)	2	(43)
Administration	204	(154)	6	56
Chief Executive	-	(16)	4	(12)
Community Planning	-	(9)	(3)	(12)
Communications and Marketing	13	(31)	(3)	(21)
Capital Financing	(7,926)	-	-	(7,926)
Year End Transactions	(2)	447	-	445
REFCUS	-	-	-	-
Net Cost of Services	5,227	(1,422)	(3,319)	486
Other Income and Expenditure from the Expenditure and Funding Analysis	(1,574)	(140)	-	(1,714)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	3,653	(1,562)	(3,319)	(1,228)

Notes to the Financial Statements
For the year ended 31 March 2026

Adjustments between Funding and Accounting Basis 2024/25				
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts	**Adjustments for Capital Purposes**	**Net Change for the Pension Adjustments**	**Other Statutory/non -statutory Adjustments**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
Community & Wellbeing HQ	-	2	1	3
Environmental Health	6	20	1	27
Community & Culture	67	13	11	91
Parks and Cemeteries	1,402	28	27	1,457
Leisure	4,379	36	11	4,426
Environment HQ	-	2	(2)	-
Waste and Cleansing	1,046	78	37	1,161
Assets and Property Services	2,238	18	19	2,275
Regulatory Services	357	17	15	389
Prosperity HQ	-	-	2	2
Economic Development	1,422	6	5	1,433
Planning	-	5	10	15
Tourism	38	8	13	59
Place HQ	-	3	-	3
Regeneration	209	4	5	218
Strategic Capital Development	-	4	(3)	1
Corporate Services HQ	-	1	2	3
Internal Audit	-	-	-	-
Finance	-	9	6	15
Strategic Transformation and Performance	126	6	5	137
HR & OD	-	7	5	12
Administration	136	25	12	173
Chief Executive	-	1	8	9
Community Planning	-	1	5	6
Communications and Marketing	13	6	9	28
Capital Financing	(7,068)	-	-	(7,068)
Year End Transactions	135	-	-	135
REFCUS	874	-	-	874
Net Cost of Services	5,380	300	204	5,884
Other Income and Expenditure from the Expenditure and Funding Analysis	(18,945)	(91)	(9)	(19,045)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	(13,565)	209	195	(13,161)

Notes to the Financial Statements
For the year ended 31 March 2026

Adjustments for Capital Purposes

Adjustments to General Fund Balances to meet the requirements of generally accepted accounting practices, this column adds in depreciation and impairment and revaluation gains and losses in the services line and for:

i) Other operating expenditure – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets;
ii) Financing and investment income and expenditure - the statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from financing and investment income and expenditure as these are not chargeable under generally accepted accounting practices; and
iii) Taxation and Non-Specific Grant Income and Expenditure – Capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non-Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Net Change for the Pension Adjustments

Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income:

- For services this represents the removal of the employer pension contributions made by the authority as permitted by statute and the replacement with current service costs and past service costs;
- For Financing and investment income and expenditure - the net interest on the defined benefit liability is charged to the CIES.

Other Statutory Differences

Other statutory adjustments for services represent the accrual of absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March 2026 along with time off in lieu (TOIL) and flexi balances: along with the reversal of the same accrual from the previous year end.

There were no other differences between amounts debited or credited to the Comprehensive Income and Expenditure Statement and amounts payable or receivable to be recognised under statute.

Other Non-Statutory Adjustments

Other non-statutory adjustments represent amounts debited/credited to service segments which need to be adjusted against the 'Other income and expenditure from the Expenditure and Funding Analysis' line to comply with the presentational requirements in the Comprehensive Income and Expenditure Statement.

Notes to the Financial Statements
For the year ended 31 March 2026

2c) Segmental Income and Expenditure

Income and expenditure on a segmental basis are analysed below:

	2025/26		2024/25	
	Revenue from External Customers	Revenues from Transactions with Other Operating Segments of the Authority	Revenue from External Customers	Revenues from Transactions with Other Operating Segments of the Authority
	£'000	£'000	£'000	£'000
Community & Wellbeing HQ	(2)	-	(2)	-
Environmental Health	(702)	-	(701)	-
Community & Culture	(5,384)	(2)	(1,526)	(2)
Parks and Cemeteries	(748)	-	(705)	-
Leisure	(4,812)	(163)	(4,512)	(148)
Environment HQ	-	-	-	-
Waste & Cleansing Services	(4,375)	(72)	(1,186)	(60)
Assets & Property Services	(353)	(114)	(380)	(93)
Regulatory Services	(2,286)	(5)	(2,249)	-
Prosperity HQ	-	-	-	-
Economic Development	(1,150)	-	(1,336)	-
Planning	(1,017)	-	(897)	-
Tourism	(111)	-	(88)	-
Place HQ	-	-	-	-
Regeneration	(228)	-	(42)	-
Strategic Capital Development	-	-	(60)	-
Corporate Services HQ	-	-	-	-
Internal Audit	-	-	-	-
Finance	(6)	-	(3)	-
Strategic Transformation & Performance	(2)	-	(2)	-
HR & OD	-	(6)	-	(9)
Administration	(386)	-	(433)	-
Chief Executive	-	-	-	-
Community Planning	(3)	-	-	-
Communications and Marketing	(1)	-	-	-
Capital Financing	-	-	-	-
Year End Transactions	-	-	-	-
Total Income Analysed on a segmental basis	(21,566)	(362)	(14,122)	(312)

Notes to the Financial Statements

For the year ended 31 March 2026

3 Expenditure and Income Analysed by Nature

Expenditure is analysed as follows:

	Note	2025/26	2024/25
		£'000	£'000
Employee Benefits Expenses	7	41,798	39,766
Other Services Expenditure		33,092	32,875
Depreciation, Amortisation, Impairment	4a	13,141	11,438
Interest Payments		3,074	3,105
Other Expenditure	8	62	160
Total Expenditure		**91,167**	**87,344**

Income is analysed as follows:

	Note	2025/26	2024/25
		£'000	£'000
Fees, Charges and other service Income		(21,928)	(14,434)
Interest and Investment Income		(1,369)	(1,915)
District rate income	10e	(66,503)	(64,220)
Government grants and Contributions	10a/c/d	(4,080)	(21,335)
Other Income	8b	(77)	(4,075)
Total Income		(93,957)	(105,979)
(Surplus) or Deficit on the Provision of Services	2	**(2,790)**	**(18,635)**

Notes to the Financial Statements
For the year ended 31 March 2026

4 Adjustments between accounting basis and funding basis under regulations

4a) Amounts included in the Comprehensive Income and Expenditure Statement but required by statute to be excluded when determining the Movement on the General Fund Balance for the year:

	Notes	2025/26 £	2024/25 £
Impairments (losses & reversals) of non-current assets	12a/b	-	-
Revaluation (increases)/decreases taken to Surplus/Deficit on the Provision of Services	12a/b	1,047,355	52,513
Depreciation charged in the year on non-current assets	12a/b	12,093,388	11,385,638
		13,140,743	11,438,151
Net Revenue expenditure funded from capital under statute	13	-	874,036
Carrying amount of non-current assets sold	26a	62,137	175,848
Proceeds from the sale of PP&E, investment property and intangible assets	26a	(49,550)	(40,656)
		12,587	1,009,228
Net charges made for retirement benefits in accordance with IAS19	22b	4,715,000	5,538,000
Employers contributions payable to the NILGOSC and retirement benefits payable direct to pensioners	22b	(6,277,000)	(5,329,000)
Capital Grants and Donated Assets Receivable and Applied in year	10	(23,329)	(3,349,450)
Capital & Revenue Grants Receivable and Unapplied in year	27b/ 27c	(4,935,804)	(15,604,638)
Adjustments in relation to short-term compensated absences	28d	66,089	204,834
Statutory provision for the financing of Capital Investment	13	(7,748,000)	(6,593,121)
Direct revenue financing of Capital Expenditure	13	(178,311)	(474,663)
		(14,381,355)	(25,608,038)
Total Adjustments		**(1,228,025)**	**(13,160,659)**

Notes to the Financial Statements

For the year ended 31 March 2026

4b) Net transfers (to)/from Reserves:

		2025/26 £	2024/25 £
Earmarked Fund			
Interest	9b	(622,300)	(522,600)
(From) / to General Fund		(882,638)	(3,619,343)
	27d	**(1,504,938)**	**(4,141,943)**

5. The Cost of Services on continuing Operations

5a) General Power of Competence

Prior to Local Government Reform on 1st April 2015, expenditure for special purposes was limited under Section 40 of the Local Government Finance Act (Northern Ireland) 2011. This section was repealed by Schedule 10 of the Local Government Act (Northern Ireland) 2014.

Under Section 79 of the Local Government Act (Northern Ireland) 2014, the Council has the power to do anything that individuals generally may do. Councils have the power to do this without charge. The power of competence is not limited to benefiting the area or its residents nor is it limited by existing powers. The actual expenditure incurred during 2025/26 amounted to £Nil (2024/25: £Nil).

5b) External Audit Fees

The Council has incurred the following costs relating to the annual audit of the Statement of Accounts, Performance Improvement Audit and other services provided by the Council's external auditors.

	2025/26 £	2024/25 £
Statement of Accounts Audit	82,600	80,850
Performance Improvement Audit	17,400	17,000
Under/(Over) accrual in previous years	(95)	(1,000)
National Fraud Initiative	-	1,437
	99,905	**98,287**

There were no other fees payable in respect of any other services provided by the appointed auditor over and above those described above.

6. Leases (as a Lessor and Lessee)

Council as a Lessor

6a) Finance Leases (Council as a lessor)

The Council has a number of properties that are leased on a finance lease with terms ranging from 99 to 10,000 years. As these are long leases they have been treated as disposals for accounting purposes in the year of granting the lease. Any ground rent collected has been recognised in the Comprehensive Income and Expenditure Statement and any residual values are considered immaterial.

Notes to the Financial Statements
For the year ended 31 March 2026

6b) Operating Leases (Council as a lessor)

The Council, in accordance with its statutory and discretionary responsibilities, leases out property under operating leases for the following purposes:

- for the provision of community services, advice services and meeting places for clubs and societies;
- for economic development purposes to provide suitable affordable accommodation for small local businesses; and
- for income generation.

Rental income recognised in the Comprehensive Income and Expenditure Statement in the current year amounts to £690,572 (2024/25: £723,478). No contingent rents were recognised.

The lease terms are between 1 and 95 years. Future minimum lease income is set out below:

	2025/26 £	2024/25 £
Minimum lease rentals receivable:		
No later than 1 year	278,033	490,861
Later than 1 year and no later than 5 years	358,331	391,983
Later than 5 years	2,004,885	2,001,120
	2,641,249	**2,883,964**

All the assets leased out by the Council to third parties are Land & Buildings with carrying values of:

	2025/26 £	2024/25 £
Cost	38,937,416	37,964,094
Accumulated depreciation and impairments at 1 April	1,895,122	1,785,283
Depreciation charge for the year	(1,895,122)	(1,785,283)
Impairments/Revaluations	18,976,574	19,972,463
	57,913,990	**57,936,557**

Notes to the Financial Statements
For the year ended 31 March 2026

Council as a Lessee

6c) Leases – Right of use assets (Council as a lessee)

The Council has acquired a number of buildings (e.g. Waste Transfer Station, Balloo; Household Recycling Centre, Balloo) and sites (Bangor Marina; Millisle Beach Park) under leases as well as a number of automated public conveniences. The assets acquired under these leases are carried as property, plant, and equipment in the balance sheet at the following net amounts:

	2025/26	2024/25
	£	£
Other Land and Buildings	6,177,042	5,820,420
Vehicles, Plant and Equipment	187,150	107,168
	6,364,192	**5,927,588**

The Council is committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the property acquired by the Council and finance costs that will be payable by the authority in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts:

	2025/26	2024/25
	£	£
Lease liabilities (net present value of minimum lease payments):		
Current	126,104	75,692
Non - Current	5,994,665	5,783,958
Finance costs payable in future years	15,969,272	17,014,678
Minimum Lease Payments	**22,090,041**	**22,874,328**

The minimum lease payments will be payable over the following periods:

	2025/26		2024/25	
	Minimum Lease Payments £	Lease Liabilities £	Minimum Lease Payments £	Lease Liabilities £
No later than 1 year	380,133	126,104	392,123	75,692
Later than 1 year and no later than 5 years	1,375,821	330,416	1,465,481	236,662
Later than 5 years	20,334,467	5,664,249	21,016,724	5,547,296
	22,090,041	**6,120,769**	**22,874,328**	**5,859,650**

Notes to the Financial Statements
For the year ended 31 March 2026

7. Employee Costs and Members' Allowances
7a) Employee and Recruitment Agency Costs

	2025/26		2024/25	
	Revenue £	Capital £	Revenue £	Capital £
Salaries and Wages	30,639,008	380,009	28,488,108	263,212
Employer National Insurance	3,776,085	50,370	2,676,495	27,765
Employer Pension costs	5,752,629	72,032	5,528,114	48,982
Apprenticeship Levy	133,893	1,716	125,349	1,267
Salaries	40,301,615	**504,126**	**36,818,066**	**341,226**
Recruitment Agency Fees	2,307,625	-	2,358,080	-
Pension & Accumulated Absences	(810,697)	-	590,094	-
Total Employee and Recruitment Agency Costs	**41,798,543**	**504,126**	**39,766,239**	**341,226**

The Council's contribution rate to the NILGOSC scheme in 2025/26 is 19%. At the last actuarial valuation, dated 31 March 2025, the Fund's assets were £10,952.0M and the past service liabilities (funding target) £9,169.6M, corresponding to a surplus of £1,782.4M and a funding level of 119% (2022: 111%).

7b) Average Number of Employees

The average number of full-time equivalent (FTE) employees and the actual number of employees employed by the Council at 31 March, are set out below.

	2025/26 FTE	2024/25 FTE
Community & Wellbeing HQ	3.33	2.00
Environmental Health	22.62	45.31
Community & Culture	35.30	31.11
Leisure	85.05	95.97
Parks & Cemeteries	94.89	92.15
Environment HQ	1.01	2.00
Waste & Cleansing Services	239.56	234.82
Assets & Property Services	50.06	49.67
Regulatory Services	53.97	44.53
Chief Executive	3.79	3.00
Community Planning	4.01	3.00
Communications & Marketing	11.90	12.69
Prosperity HQ	1.50	1.00
Economic Development	18.72	13.52
Planning	49.94	36.55
Tourism	26.41	18.86
Place HQ	1.01	2.00
Regeneration	6.38	12.00
Strategic Capital Development	9.85	10.00
Corporate Services HQ	1.52	1.54
Finance	22.26	22.97
Strategic Transformation & Performance	17.28	14.00
Human Resources & Organisational Development	16.19	16.92
Administration	44.13	44.35
Data Protection	1.00	1.00
	821.68	810.96

Notes to the Financial Statements
For the year ended 31 March 2026

	Actual Numbers	Actual Numbers
Full-time numbers employed	671	658
Part-time numbers employed	256	290
	927	**948**

7c) Senior Employees' Remuneration

	2025/26 Number	2024/25 Number
£80,001 to £90,000	2	-
£90,001 to £100,000	2	5
£100,001 to £110,000	1	-
£110,001 to £120,000	1	1
£120,001 to £130,000	1	-
£130,001 to £140,000	-	-
	7	**6**

See Table 2 in the Remuneration Report on Page 38 for more detailed information regarding Senior Employees' Remuneration.

7d) Members' Allowances

During the year Members' allowances, including Employer's costs, totalled £929,964. The breakdown is as follows:

	2025/26 £	2024/25 £
Basic Allowance	692,241	678,514
Mayor's & Deputy Mayor's Allowance	22,320	22,320
Special Responsibility Allowances	20,045	23,560
Dependents' Carers Allowances	-	-
Employer's Costs	174,621	189,108
Mileage	6,637	5,485
Conferences & Courses	-	-
Travel & Subsistence Costs	4,508	4,990
Miscellaneous	9,592	7,181
	929,964	**931,158**

7e) Northern Ireland Civil Service Pension Arrangements

29 staff who transferred from central government to the Council during the reform of local government are members of the Northern Ireland Civil (NICS) Service Pension Scheme.

The Northern Ireland Civil Service Pension arrangement is an unfunded multi-employer defined benefit scheme, but the Council is unable to identify its share of the underlying assets and liabilities. As a result of these arrangements the scheme is accounted for as a defined contribution scheme in line with the Code. The most up to date actuarial valuation was carried out as at 31 March 2020. This valuation is then reviewed by the Scheme Actuary and updated to reflect current conditions and rolled forward to the reporting date of the Department of Finance Superannuation and Other Allowances Resource Accounts as at 31 March 2026.

Notes to the Financial Statements
For the year ended 31 March 2026

For 2025/26, employers' contributions of £432k were payable to the NICS pension arrangements at a flat rate of 34.25% of pensionable pay rather than the previous tiered structure based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. A new scheme funding valuation based on data as at 31 March 2020 was finalised by the Actuary during 2023. This valuation was used to determine employer contribution rates for the introduction of a new career average earning scheme from April 2015. The contribution rates are set to meet the cost of the benefits accruing during 2025/26 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

No persons retired early on ill-health grounds and therefore no additional accrued pension liabilities were incurred during the year.

8. Other Operating Income & Expenditure

8a. Surplus / Deficit on Non-Current Assets

	2025/26 £	2024/25 £
Proceeds from Sale	(49,550)	(40,656)
Carrying amount of non-current assets sold	62,137	175,848
Total	**12,587**	**135,192**

In this year there is a deficit on the sale of non-current assetsThe surplus on non-current assets represents a gain on the disposal of those assets or in the case this year a deficit.

8b. Other Operating Income / Expenditure

	2025/26 £	2024/25 £
Income	(27,402)	(4,075,410)
Expenditure	(168)	25,052
Total	**(27,570)**	**(4,050,358)**

Other operating income and expenditure includes monies received and costs incurred in relation to the special legal regime contingency (see note 25c).

9. Financing and Investment Income and Expenditure

9a Interest Payable and Similar Charges

	2025/26 £	2024/25 £
Lease interest	337,155	320,007
Government Loan Interest	1,850,591	1,949,392
Commercial Loan Interest	242,930	307,024
	2,430,676	**2,576,423**

Notes to the Financial Statements
For the year ended 31 March 2026

9b Interest and Investment Income

	2025/26 £	2024/25 £
Statutory Interest (HMRC VAT Claim & DFI Vesting)	(35,719)	(580,916)
Bank Interest	(459,744)	(631,873)
Employee Car Loan Interest	(451)	(223)
Northern Ireland Housing Executive Loan interest receivable	(22,295)	(26,412)
Investment income on fund balances		
Earmarked Fund	(622,300)	(522,600)
Other investment Income & Expenditure	622,300	522,600
	(518,209)	**(1,239,424)**

9c Pensions Interest Cost

	2025/26 £	2024/25 £
Net interest on the net defined benefit liability / (asset)	**(140,000)**	**(91,000)**

9d Income, Expenditure and changes in Fair Value of Investment Properties

	2025/26 £	2024/25 £
Income (including rental income)	(72,946)	(62,288)
Expenditure	5,762	5,485
Net Income from investment properties	**(67,184)**	**(56,803)**
Proceeds from sale	-	-
Carrying amount of investment properties transferred	-	-
(Surplus)/Deficit on sale of investment properties	**-**	**-**
Change in fair value of investment properties	**(15,000)**	**-**
Total	**(82,184)**	**(56,803)**

The net cost of financing and investing activities is due to the net effect of revaluations carried out on all investment properties in 2025/26.

Financing and Investment Income and Expenditure	2025/26 £	2024/25 £
Interest Payable and Similar Charges	2,430,676	2,576,423
Interest and Investment Income	(518,209)	(1,239,424)
Pensions Interest Cost	(140,000)	(91,000)
(Surplus) / deficit on trading operations	-	-
Other Investment Income	(82,184)	(56,803)
Changes in Fair Value of Investment Properties	-	-
Total	**1,690,283**	**1,189,196**

Notes to the Financial Statements
For the year ended 31 March 2026

10. Taxation and Non-Specific Grant Income

10a Revenue Grants

	2025/26 £	2024/25 £
General	(2,506,319)	(2,379,988)
Other	-	-
	(2,506,319)	**(2,379,988)**

10b Revenue Grants - Unapplied

	2025/26 £	2024/25 £
Recognise in CIES Government & Other Grants - Conditions met and not applied in year	(3,385,519)	(25,988)
Reverse previous unapplied recognition to recognise in Service Grant Income to apply to expenditure	-	17,195
	(3,385,519)	**(8,793)**

These revenue grants appear in the Community & Culture Service line of the Comprehensive Income and Expenditure Statement rather than the Taxation and Non-Specific Grant Income line. Hence, they are not included in the summary table at the bottom of Note 10.

10c Capital Grants and Donated Assets - Applied

	2025/26 £	2024/25 £
Government & Other Grants - Conditions met and applied in year	**(23,329)**	**(3,349,450)**

The taxation and non-specific grant income includes the recognition of capital grants in the Comprehensive Income and Expenditure Statement, as required by the Code when the conditions attached to those grants have been satisfied.

10d Capital Grants - Unapplied

	2025/26 £	2024/25 £
Government & Other Grants - Conditions met and not applied in year	**(1,550,285)**	**(15,595,845)**

Notes to the Financial Statements
For the year ended 31 March 2026

10e District Rates

	2025/26 £	2024/25 £
Current year	(66,757,425)	(63,789,888)
Finalisation – Current Year	254,095	(429,735)
Finalisation – Other Years	-	-
Totals	**(66,503,330)**	**(64,219,623)**

Taxation and Non-Specific Grant Income	2025/26 £	2024/25 £
District Rate Income	(66,503,330)	(64,219,623)
Revenue Grants	(2,506,319)	(2,388,781)
Capital Grants and Contributions	(1,573,614)	(18,945,295)
	(70,583,263)	**(85,553,699)**

11 Acquired and Discontinued - Operations

The Council has not acquired or discontinued any material operations.

Notes to the Financial Statements
For the year ended 31 March 2026

12a) Fixed Assets

	Property, Plant and Equipment						Heritage Assets	Investment Properties	Intangible Assets	TOTAL
	Land	Buildings	Vehicles, Plant &	Com-munity	PP&E Under	Surplus Assets				
Cost or Valuation		£	£	£	£	£	£	£	£	£
At 1 April 2025	**37,735,524**	**219,412,916**	**28,001,464**	**70,195**	**6,266,041**	**2,184,998**	**2,243,864**	**806,000**	**737,663**	**297,458,665**
Additions	888,463	3,369,326	1,769,609	-	6,567,644	-	-	-	-	**12,889,382**
Revaluation increases / (decreases) to RR	126,107	(4,350,704)	(4,491)	-	20,763	-	-	-		**(4,208,325)**
Revaluation increases / (decreases) to SDPS	8,864	(1,458,940)	(16,261)	(1)	-	-	-	15,000	(2,500)	**(1,453,838)**
De-recognition & Disposals	(29,974)	-	(723,667)	-	-	-	-	-	-	**(1,095,757)**
Reclassifications & Transfers	-	250,000	74,638	-	(324,638)	-	-	-	-	**-**
At 31 March 2026	**38,728,984**	**217,222,598**	**29,101,292**	**70,194**	**12,529,810**	**2,184,998**	**2,243,864**	**821,000**	**735,163**	**303,637,903**
At 1 April 2025	**-**	**107,898**	**21,057,025**	**-**	**-**	**-**	**-**	**-**	**624,101**	**21,789,024**
Depreciation Charge	-	9,979,527	2,104,453	-	-	-	-	-	9,408	**12,093,388**
Depreciation written out on RR	-	(9,482,271)	(499)	-	20,763	-	-	-	-	**(9,462,007)**
Depreciation written out on SDPS	-	(404,677)	(1,805)	-	-	-	-	-	-	**(406,482)**
Impairment losses / reversals to RR	-	-	-	-	-	-	-	-	-	**-**
Impairment losses / Reversals to SDPS	-	-	-	-	-	-	-	-	-	**-**
De-recognition & Disposals	-	-	(691,504)	-	-	-	-	-	-	**(691,504)**
Reclassifications and Transfers	-	-	-	-	-	-	-	-	-	**-**
At 31 March 2026	**-**	**200,477**	**22,467,670**	**-**	**20,763**	**-**	**-**	**-**	**633,509**	**23,322,419**
Net Book Value At 31 March 2026	**38,728,984**	**217,022,121**	**6,633,622**	**70,194**	**12,509,047**	**2,184,998**	**2,243,864**	**821,000**	**101,654**	**280,315,484**
Net Book Value At 31 March 2025	**37,735,524**	**219,305,020**	**6,944,439**	**70,195**	**6,266,041**	**2,184,998**	**2,243,864**	**806,000**	**113,562**	**275,669,640**

Notes to the Financial Statements
For the year ended 31 March 2026

12b) Fixed Assets – Comparative Year (Restated)

	Property, Plant and Equipment						Heritage Assets	Investment Properties	Intangible Assets	TOTAL
	Land	Buildings	Vehicles, Plant &	Com-munity	PP&E Under	Surplus Assets				
Cost or Valuation		£	£	£	£	£	£	£	£	£
At 1 April 2024	**31,802,204**	**218,818,723**	**26,556,296**	**70,195**	**2,018,700**	**2,704,998**	**2,243,864**	**806,000**	**1,021,948**	**286,042,928**
Additions	5,849,368	2,164,954	1,799,057	-	4,739,094	-	-	-	26,485	**14,578,958**
Revaluation increases / (decreases) to RR	126,485	(1,687,399)	-	-	114	-	-	-		**(1,560,800)**
Revaluation increases / (decreases) to SDPS	(9,340)	(263,592)	-	-	-	10,000	-	-	(8,500)	**(271,432)**
De-recognition & Disposals	(33,193)	(129,699)	(335,828)	-	-	-	-	-	(302,270)	**(800,990)**
Reclassifications & Transfers	-	509,930	(18,061)	-	(491,867)	(530,000)	-	-	-	**(530,000)**
At 31 March 2025	**37,735,524**	**219,412,918**	**28,001,464**	**70,195**	**6,266,041**	**2,184,998**	**2,243,864**	**806,000**	**737,663**	**297,458,664**
At 1 April 2024	**-**	**(5)**	**19,136,518**	**-**	**-**	**-**	**-**	**-**	**916,975**	**20,053,488**
Depreciation Charge	-	9,132,863	2,243,379	-	-	-	-	-	9,396	**11,385,638**
Depreciation written out on RR	-	(8,806,041)	-	-	-	-	-	-	-	**(8,806,041)**
Depreciation written out on SDPS	-	(218,919)	-	-	-	-	-	-	-	**(218,919)**
Impairment losses / reversals to RR	-	-	-	-	-	-	-	-	-	**-**
Impairment losses / Reversals to SDPS	-	-	-	-	-	-	-	-	-	**-**
De-recognition & Disposals	-	-	(322,872)	-	-	-	-	-	(302,270)	**(625,142)**
Reclassifications and Transfers	-	-	-	-	-	-	-	-	-	**-**
At 31 March 2025	**-**	**107,898**	**21,057,025**	**-**	**-**	**-**	**-**	**-**	**624,101**	**21,789,024**
Net Book Value At 31 March 2025	**37,735,524**	**219,305,020**	**6,944,439**	**70,195**	**6,266,041**	**2,184,998**	**2,243,864**	**806,000**	**113,562**	**275,669,640**
Net Book Value At 31 March 2024	**31,802,204**	**218,818,726**	**7,419,779**	**70,195**	**2,018,700**	**2,704,998**	**2,243,864**	**806,000**	**104,974**	**265,989,440**

Notes to the Financial Statements
For the year ended 31 March 2026

12c) Intangible Assets

Intangible assets are made up of three different classes of asset:

- market trading rights which, due to their indefinite life, are not amortised;
- public path creation agreements; and
- computer software which is depreciated over a useful life of 4 years.

The net book value of each class of intangible asset at 31 March is:

	2025/26 £	2024/25 £
Market Trading Rights	79,000	81,500
Public Path Creation Agreements	7	7
Computer Software	22,647	32,055
	101,654	**113,562**

12d) Investment Properties

There were no additions to investment properties in year.

	2025/26 £	2024/25 £
Rental Income from Investment Activities	72,946	62,288
Direct Operating expenses	(5,762)	(5,485)
Net gain/(loss)	67,184	56,803

12e) Heritage Assets

	Artefacts £	Paintings & Drawings £	Historical Furniture £	Other £	Total Heritage Assets £
Cost or Valuation:					
At 1 April 2025	**818,400**	**1,095,250**	**36,100**	**294,114**	**2,243,864**
Additions/(Disposals)	-	-	-	-	-
Derecognitions	-	-	-	-	-
Transfers	-	-	-	-	-
Revaluations to Revaluation Reserve	-	-	-	-	-
Revaluations to Surplus/Deficit on the Provision of Services	-	-	-	-	-
At 31 March 2026	**818,400**	**1,095,250**	**36,100**	**294,114**	**2,243,864**

The Council's heritage assets are reported in the Balance Sheet at their most up to date insurance valuation, which is based on valuations carried out by independent experts. The latest valuation was carried out during the current financial year 2025/26. See note 1xxi for further details on the Council's policy for heritage assets.

Notes to the Financial Statements

For the year ended 31 March 2026

12f) Assets held for Sale

	Assets Held for Sale Current £
Cost or Valuation:	
At 1 April 2025	530,000
Transferred from Non-Current Assets	-
Disposals	-
At 31 March 2026	**530,000**
Net Book Value at 31 March 2026	**530,000**
Net Book Value at 31 March 2025	**530,000**

As at 31 March 2026, the Hamilton Road site was still identified as meeting the criteria for an asset held for sale.

12g) Right of Use Assets held under leases (included within Land and Buildings, Vehicles, and Equipment)

	Land and Buildings £	Vehicles £	Equipment £	Total £
Cost or Valuation:				
At 1 April 2025	**5,820,420**	**18,959**	**88,209**	**5,927,588**
Additions	356,622	-	193,466	550,088
Revaluations	-	-	-	-
Disposals	-	-	-	-
At 31 March 2026	**6,177,042**	**18,959**	**281,675**	**6,477,676**
Depreciation				
At 1 April 2025	**-**	**3,792**	**28,513**	**32,305**
Disposals	-	-	-	-
Provided for year	-	3,792	77,387	**81,179**
At 31 March 2026	**-**	**7,584**	**105,900**	**113,484**
Net Book Value	**6,177,042**	**11,375**	**175,775**	**6,364,192**

Additions includes 3 peppercorn lease valuations (totalling £63,600) not available in 2024/25

12h) Valuations

Valuations of Land and Buildings are carried out externally by Land and Property Services (LPS), in accordance with International Financial Reporting Standards (IFRS) as applied to the UK public sector and interpreted by the CIPFA Code of Practice for Local Authority Accounting, International Valuation Standards and the requirements of the Royal Institution of Chartered Surveyors (RICS) Global Standards 2022. For the asset revaluations carried out this year, no special assumptions were made. Please refer to Note 1xx for further information on revaluation and depreciation policies.

Notes to the Financial Statements
For the year ended 31 March 2026

The revaluation results for land and buildings, including an analysis of the revaluations amounts taken to the Revaluation Reserve and the Surplus or Deficit on the Provision of Services, are detailed in note 12a.

12i) Impairments

Council carried out an impairment review during the year, no impairment issues were identified.

13. Capital Expenditure and Capital Financing

The Capital Financing Requirement measures the Council's underlying need to borrow for a capital purpose. The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under leases and PFI contracts), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that is yet to be financed. The CFR is analysed in the second part of this note.

	Notes	2025/26 £	2024/25 £
Opening Capital Financing Requirement		**77,864,940**	**75,068,159**
Capital Expenditure:			
Property, Plant & Equipment	12a/b	12,531,442	14,552,475
Intangible Assets	12a/b	-	26,485
Revenue Expenditure Funded from Capital Under Statute (REFCUS)	28a	-	874,036
Sources of Finance:			
Capital receipts	27a	(1,064,030)	(804,425)
Capital Grants & Other Contributions	10c / 27b	(3,931,882)	(4,751,363)
Transfers from Earmarked Fund	28a	(394,938)	(32,643)
Sums sets aside from Revenue:			
Direct Revenue Contributions	4,27	(178,311)	(474,663)
Minimum Revenue Provision (MRP)	28a	(7,748,000)	(6,593,121)
Closing Capital Financing Requirement		**77,079,221**	**77,864,940**
Explanation of Movements in Year		**£**	**£**
Increase / (decrease) in underlying need to borrow		(785,719)	2,796,780
Assets acquired under leases		-	-
Assets acquired under PFI/PPP contracts		-	-
Increase/(decrease) in Capital Financing Requirement		(785,719)	2,796,780

Notes to the Financial Statements
For the year ended 31 March 2026

14. Future Capital Commitments

As at 31 March 2026, the Council has awarded contracts for capital schemes and other purchases totalling £18.5m, as follows:

	Gross Cost £	Grant Aid £	Net Cost £
Schemes Underway	16,224,953	(9,753,591)	**6,471,363**
Other Commitments	2,233,400	-	**2,233,400**
Total	**18,457,353**	**(9,753,591)**	**8,704,763**

15. Inventories

The stock of goods held at 31 March was:

	2025/26 £	2024/25 £
Waste Transfer Station, Bangor - Fuel	76,034	32,304
North Road Depot, Newtownards - Fuel	52,421	20,917
North Road Depot, Newtownards – Stores	69,218	87,424
North Road Depot, Newtownards – Vehicle Parts	148,380	144,664
North Down Museum & Tourist Information Shops	9,940	9,554
Bangor Visitor Information Centre	4,720	5,955
Groomsport Visitor Information Centre	563	615
Newtownards Visitor Information Centre	5,814	5,299
Total	**367,090**	**306,732**

The cost of inventories recognised as an expense in services at 31 March 2026 amounted to £1,735,298.

16. Debtors

	2025/26 £	2024/25 £
16a) Long-Term Debtors		
Government Departments	-	-
Employee Car Loans	2,012	10,966
Capital Grants	47,809,313	54,802,403
NIHE loans [1]	241,978	321,406
Total Long-Term Debtors	**48,053,303**	**55,134,775**

Notes to the Financial Statements
For the year ended 31 March 2026

		2025/26	2024/25
16b)	**Short-Term Debtors**	£	£
	Government Departments	2,491,360	6,383,514
	Other Councils	112,488	220,445
	Public Corporations & Trading Funds	-	1,154
	Bodies External to General Government	-	-
	NIHE loans [1]	79,428	74,948
	Employee car loans	6,953	6,953
	Revenue Grants	5,552,605	1,410,937
	Capital Grants	6,757,938	336,922
	Value Added Tax	522,243	1,428,733
	Prepayments	796,445	586,419
	Other	1,400,344	1,147,909
	Trade receivables	441,656	638,287
	Impairment loss - Trade receivables	(88,005)	(41,842)
	Total Short-Term Debtors	**18,073,455**	**12,194,379**
	Total Debtors	**62,126,758**	**67,329,154**

[1] This debtor relates to the Northern Ireland Housing Executive (NIHE) debt brought about by the local government re-organisation in 1972 with establishment of the NIHE. However, the loans relating to the assets transferred to the NIHE remain with the Council whilst interest and principal are received annually from NIHE.

17. Investments

17a) Long-Term Investments (more than 12 months)

There were no long-term investments in the reporting period.

17b) Short-Term Investments (more than 3 months)

There were no short-term investments in the reporting period.

Short-term deposits and investments are considered to be cash equivalents (see Note 26, page 112). The Council also administers deposits held on behalf of third parties, namely the Ards and North Down Mayor's Charity Appeals and the Holywood and District Nursing Society Trust. The total balances held as at the 31 March 2026 amount to £10,559.

18. Borrowings

18a) Short-Term Borrowing

	2025/26	2024/25
	£	£
Loans re-payable within one year	3,085,202	3,592,852
Finance Lease Principal	126,104	75,692
Total Short-Term Borrowing	**3,211,306**	**3,668,544**

Notes to the Financial Statements
For the year ended 31 March 2026

18b) Long-Term Borrowing

	2025/26 £	2024/25 £
Between 1 and 2 years	2,610,411	3,085,202
Between 3 and 5 years	10,290,572	10,523,690
Between 6 and 10 years	14,830,048	13,418,221
In more than 10 years	22,466,548	26,255,668
Finance Lease Principal	5,994,665	5,783,958
Total Long-Term Borrowing	**56,192,244**	**59,066,739**
Total Borrowing	**59,403,550**	**62,735,283**

18c) Total Borrowing by Type

	2025/26 £	2024/25 £
Annuity Repayment	17,941,939	19,511,800
Equal Instalments of Principal Borrowings	21,655,170	22,678,161
Maturity Repayment	13,685,672	14,685,672
Finance Lease Principal	6,120,769	5,859,650
Total Borrowing	**59,403,550**	**62,735,283**

Interest rates on Government Loans range between 2.51% and 9.875%. The average interest rate on all long-term borrowings is 3.82%.

19. Creditors

19a) Short-Term Creditors

	2025/26 £	2024/25 £
Government Departments (excluding interest)	428,344	325,947
Other Councils	148,405	121,971
Public Corporations and Trading Funds	169,166	172,949
Bodies External to General Government	-	20,944
Remuneration due to employees	352,935	1,271,970
Accumulated Absences	818,334	752,245
Loan Interest Payable	377,120	423,416
Capital Creditors	1,410,751	2,067,987
Receipts in advance	584,584	863,768
Trade creditors	3,232,792	3,714,171
Other	84,444	16,247
Total Short-Term Creditors	**7,606,875**	**9,751,615**

Notes to the Financial Statements
For the year ended 31 March 2026

19b) Long-Term Creditors

	2025/26 £	2024/25 £
Total Long-Term Creditors	**-**	**-**
Total Creditors	**7,606,875**	**9,751,615**

19c) Payment of Invoices

The Council has a target of paying supplier invoices within 30 calendar days. During the 2025/26 financial year the Council paid 21,650 invoices totalling £67,962,063.

Invoices Paid	2025/26 No.	2025/26 %	2024/25 %
Within 30 calendar days	20,173	93%	93%
Within 10 working days	14,573	67%	67%
Outside the 30-day target	1,477	7%	6%
Average days to pay	17.34		15.82
Median days to pay	13		13

20. Provisions

Current Year:	At 1 April 2025 £	Increase in provision during year £	Utilised during year £	Unused Reversals £	At 31 March 2026 £
Insurance	979,400	149,828	(170,018)	(17,910)	941,300
Environmental	-	-	-	-	-
Legal	400,623	498,077	-	-	898,700
Other	-	-	-	-	-
	1,380,023	647,905	(170,018)	(17,910)	**1,840,000**
Current Provisions	400,623	498,077	-	-	898,700
Long Term Provisions	979,400	149,828	(170,018)	(17,910)	941,300
	1,380,023	647,905	(170,018)	(17,910)	**1,840,000**

Comparative Year:	At 1 April 2024 £	Increase in provision during year £	Utilised during year £	Unused Reversals £	At 31 March 2025 £
Insurance	696,000	600,270	(304,722)	(12,148)	979,400
Environmental	-	-	-	-	-
Legal	-	400,623	-	-	400,623
Other	-	-	-	-	-
	696,000	1,000,893	(304,722)	(12,148)	**1,380,023**
Current Provisions	-	400,623	-	-	400,623
Long Term Provisions	696,000	600,270	(304,722)	(12,148)	979,400
	696,000	1,000,893	(304,722)	(12,148)	**1,380,023**

Insurance Provision

The Council operates a self-insurance scheme for public and employee liability insurance and has a number of claims which require to be settled. A provision at 31 March 2026 has been made on the basis of Council's experience of settlement rates over recent years.

Environmental Provision

There is no environmental provision this financial year. The provision was released in an earlier year and related to the need for remedial works to be undertaken to address environmental damage at a property in the Council area. This remediation work was agreed as part of the settlement to militate against future run-off of storm water from Council land into a third party's site.

Legal Provision

This provision relates to legal fees in relation to ongoing legal cases and potential contractual obligations.

Other

Court judgments have established the law as requiring employees to receive acknowledgement of overtime payments as part of their holiday pay entitlement calculations, which the Council acknowledges. The Northern Ireland Court of Appeal turned down an appeal by the Police Service of Northern Ireland (PSNI) regarding the potential liability arising to that organisation in this regard. This decision was appealed to the Supreme Court. The Council has a signed agreement with the recognised trade unions.

All but one of the tribunal claims have now been settled following the signing of compromise agreements and payments made. Council is now liaising with its legal advisors regarding concluding arrangements for payments to be made to remaining staff. It is anticipated that this matter will be resolved during the 2026/27 financial year.

21. Financial Instruments

The Council has no material exposure to any of the risk types identified below in its dealings with financial instruments.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. Authorised institutions for investments under the Council's Treasury Policy are assessed for financial strength and risk exposure. The provision for bad and doubtful debts reflects the Council's assessment of the risk of non-payment by debtors and as such, there is no additional estimated exposure to default and inability to collect.

Liquidity Risk

The Council's net operating costs are funded through district rates and government grants. Capital expenditure is largely financed by borrowing from the Government Loans Fund. The Council is not therefore exposed to significant liquidity risk. The analysis of financial liabilities is included in notes 18 and 19. All trade and other payables are due for payment within one year.

Notes to the Financial Statements
For the year ended 31 March 2026

Market Risk

Interest Rate Risk

The Council finances capital expenditure in the longer term through fixed rate borrowings in line with its Treasury Management Strategy Statement and its Medium-Term Financial Plan. The Council takes out short-term loans to benefit from the very low interest rates available. This strategy is carried out with advice from the Council's treasury advisors and reviewed at the end of every term to minimise risk. In addition, Council has a limit of 30% of borrowing to be short-term in nature.

Foreign Exchange Risk

The Council has no financial assets or liabilities denominated in foreign currencies and thus has no material exposure to loss arising from movements in exchange rates.

Employee Car Loans

The Council makes loans for car purchases to employees in the Council who are in posts that require them to drive regularly on the Council's business. Currently there are two employees who have a loan which is reflected in Note 16.

The following categories of financial instrument are carried in the Balance Sheet:

Financial Assets as at 31 March 2026

	Non-Current		Current		Total
	Investments	Debtors	Investments	Debtors	
	£	£	£	£	£
Fair Value through profit or loss	-	-	-	-	-
Amortised cost	-	-	8,000,000	441,656	8,441,656
Fair Value through other comprehensive income - designated equity instruments	-	-	-	-	-
Fair Value through other comprehensive income - other	-	-	-	-	-
Total Financial Assets	**-**	**-**	**8,000,000**	**441,656**	**8,441,656**
Non-Financial Assets	-	-	-	-	-
Total	**-**	**-**	**8,000,000**	**441,656**	**8,441,656**

Notes to the Financial Statements
For the year ended 31 March 2026

Financial Assets as at 31 March 2025

	Non-Current		Current		Total
	Investments	Debtors	Investments	Debtors	
	£	£	£	£	£
Fair Value through profit or loss	-	-	-	-	-
Amortised cost	-	-	12,000,000	638,287	12,638,287
Fair Value through other comprehensive income - designated equity instruments	-	-	-	-	-
Fair Value through other comprehensive income - other	-	-	-	-	-
Total Financial Assets	**-**	**-**	**12,000,000**	**638,287**	**12,638,287**
Non-Financial Assets	-	-	-	-	-
Total	**-**	**-**	**12,000,000**	**638,287**	**12,638,287**

Financial Liabilities as at 31 March 2026

	Non-Current		Current		Total
	Borrowings	Creditors	Borrowings	Creditors	
	£	£	£	£	£
Fair Value through profit or loss	-	-	-	-	-
Amortised cost	50,197,579	-	3,085,202	3,317,236	56,600,017
Total financial liabilities	**50,197,579**	**-**	**3,085,202**	**3,317,236**	**56,600,017**
Non-financial liabilities	-	-	-	-	-
Total	**50,197,579**	**-**	**3,085,202**	**3,317,236**	**56,600,017**

Financial Liabilities as at 31 March 2025

	Non-Current		Current		Total
	Borrowings	Creditors	Borrowings	Creditors	
	£	£	£	£	£
Fair Value through profit or loss	-	-	-	-	-
Amortised cost	53,282,781	-	3,592,852	3,730,418	60,606,051
Total financial liabilities	**53,282,781**	**-**	**3,592,852**	**3,730,418**	**60,606,051**
Non-financial liabilities	-	-	-	-	-
Total	**53,282,781**	**-**	**3,592,852**	**3,730,418**	**60,606,051**

Fair Values of Financial Assets and Financial Liabilities that are not Measured at Fair Value (but for which Fair Value Disclosures are Required).

Notes to the Financial Statements
For the year ended 31 March 2026

Except for the financial assets carried at fair value (described in the table above) all other financial liabilities and financial assets held by the authority are classified as loans and receivables and long-term debtors and creditors and are carried in the Balance Sheet at amortised cost. The fair values calculated are as follows.

Financial Assets / Liabilities	31 March 2026 Carrying amount	31 March 2026 Fair value	31 March 2025 Carrying amount	31 March 2025 Fair value
	£	£	£	£
Financial liabilities held at amortised cost	**53,282,781**	**47,272,041**	**56,875,633**	**50,686,568**
Financial assets held at amortised cost	**8,000,000**	**8,000,000**	**12,000,000**	**12,002,342**

22. Retirement Benefits

22a) Participation in the Northern Ireland Local Government Officers' Pension Fund

As part of the terms and conditions of employment of its employees, the Council offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement.

The Council participates in the Northern Ireland Local Government Officers' Pension Fund administered by the Northern Ireland Local Government Officers' Superannuation Committee (commonly known as NILGOSC). This is a funded scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets.

Virgin Media Judgement
In June 2023, the High Court handed down a decision (Virgin Media Limited v NTL Pension Trustees II Limited and others) which potentially has implications for the validity of amendments made by pension schemes, including the LGPS (NI), which were contracted out on a salary related basis between 6 April 1997 and the abolition of contracting-out in 2016. Government is proposing to legislate to allow retrospective validation of certain changes through the 2024 Pension Schemes Bill. Given the uncertainty, Aon Hewitt have not made any allowance for the possible impact of the ruling as it is currently unclear whether any additional liabilities may arise, and if they were to arise, how they would be reliably measured.

Goodwin Ruling
In June 2020 an Employment Tribunal ruled, in relation to the Teachers' Pension Scheme, that survivor provisions were discriminatory on grounds of sexual orientation. The chief secretary to the Treasury announced in a written ministerial statement on 20 July 2020 that he believed changes would be required to other public service pension schemes with similar arrangements. Changes to NI regulations were made on 24 March 2022 and came into effect on 18 April 2022. These changes have now been reflected in the data received for the 31 March 2025 valuation and so no adjustments have been made for Goodwin within the accounting figures as the Committee has taken the necessary steps to recalculate and adjusts the benefits of the affected records.

Notes to the Financial Statements
For the year ended 31 March 2026

22b) Transactions relating to Retirement Benefits – Comprehensive Income & Expenditure Statement

The Council recognises the cost of retirement benefits in the Cost of Services on Continuing Operations when they are earned by employees, rather than when the benefits are eventually paid as pensions.

However, the charge the Council is required to make against District rates is based on the cash payable in the year, and the real cost of retirement benefits is reversed out in the adjustments between accounting basis & funding basis under regulations line, in the Movement on Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the adjustments between accounting basis & funding basis under regulations line, in the Movement on Reserves Statement during the year:

	2025/26 £	2024/25 £
Net cost of services:		
Current service cost	4,408,000	5,629,000
Past service cost/(gain)	447,000	-
(Gains)/Losses on settlements and curtailments	-	-
Net operating expenditure:		
Net Interest on the net defined liability (asset)	(2,981,000)	(963,000)
Interest on unrecognised asset	2,841,000	872,000
Total Post-Employment Benefits charged to the Surplus or Deficit on the Provision of Services	**4,715,000**	**5,538,000**
Movement in Reserves Statement:		
Reversal of net charges made for retirement benefits in accordance with IAS 19 and the Code	**(4,715,000)**	**(5,538,000)**
Actual amount charged against the general fund balance for pensions in the year:		
Employers' contributions payable to scheme	**6,277,000**	**5,329,000**
Net Adjustment to the General Fund	**1,562,000**	**(209,000)**

The service cost figures include an allowance for administration expenses of £0.121m or 2.74% of current service cost.

Re-measurements recognised in Other Comprehensive Income and Expenditure	2025/26 £	2024/25 £
Liability gains/(losses) due to change in assumptions	2,152,000	29,965,000
Actuarial gains/(losses) due to changes in demographic assumptions	(1,791,000)	1,247,000
Liability experience gains/(losses) arising in the year	(3,121,000)	(281,000)
Actuarial gains/(losses) on plan assets	5,010,000	(719,000)
Adjustment gain/(losses) due to restriction of surplus	(3,798,000)	(29,936,000)
Total Gains/(Losses) recognised in Other Comprehensive Income and Expenditure	(1,548,000)	276,000

Notes to the Financial Statements

For the year ended 31 March 2026

22c) Assets and Liabilities in relation to Retirement Benefits

Reconciliation of present value of the scheme liabilities:	2025/26 £	2025/26 £
Balance as at 1 April	145,290,000	166,768,000
Current service cost	4,408,000	5,629,000
Interest cost	8,295,000	7,911,000
Contributions by members	1,921,000	1,738,000
Re-measurement (gains) and losses:		
Actuarial (gains)/losses arising on liabilities from changes in financial assumptions	(2,152,000)	(29,965,000)
Actuarial (gains)/losses arising from demographic changes	1,791,000	(1,247,000)
Actuarial (gains)/losses arising on liabilities from experience	3,121,000	281,000
Past Service Costs / (gains)	447,000	-
Liabilities extinguished on settlements	-	-
Estimated unfunded benefits paid	(85,000)	(83,000)
Estimated benefits paid	(6,568,000)	(5,742,000)
Balance as at 31 March	**156,468,000**	**145,290,000**

Reconciliation of present value of the scheme assets:	2025/26 £	2024/25 £
Balance as at 1 April	193,593,000	184,196,000
Interest Income	11,276,000	8,874,000
Contributions by members	1,921,000	1,738,000
Contributions by employer	6,192,000	5,246,000
Contributions in respect of unfunded benefits	85,000	83,000
Re-measurement gains/(losses)	5,010,000	(719,000)
Assets distributed on settlements	-	-
Unfunded benefits paid	(85,000)	(83,000)
Benefits paid	(6,568,000)	(5,742,000)
Balance as at 31 March	**211, 424,000**	**193,593,000**

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets. The actual return on scheme assets in the year was a gain of £16,286,000 (2024/25 gain of £8,155,000).

Fair Value of Plan Assets:	2025/26 £	2024/25 £
Equity investments	87,952,384	77,824,386
Bonds	55,393,088	36,782,670
Property	20,719,552	19,359,300
Cash	6,554,144	22,069,602
Other	40,804,832	37,557,042
	211,424,000	**193,593,000**

Notes to the Financial Statements
For the year ended 31 March 2026

The above asset values are at bid value as required by IAS 19. The bid values were provided by NILGOSC, the administering authority. The amounts included in the fair value of plan assets for property occupied by the Council was £nil.

The Council's share of the Net Pension Liability (included in the Balance Sheet):	**2025/26**	**2024/25**
	£	**£**
Fair Value of Employer Assets	211,424,000	193,593,000
Present value of funded defined benefit obligation	(155,802,000)	(144,610,000)
Funded status	55,622,000	48,983,000
Unrecognised asset	(55,622,000)	(48,983,000)
Additional liability due to minimum funding requirement	-	-
Asset/(Liability) recognised on the balance sheet	-	-
Present Value of Unfunded defined benefit obligation	(666,000)	(680,000)
Net Asset/(Liability) arising from the defined benefit obligation	**(666,000)**	**(680,000)**
Amount in the Balance sheet:		
Liabilities	(156,468,000)	(145,290,000)
Assets	155,802,000	144,610,000
Net Asset/(Liability)	**(666,000)**	**(680,000)**

22d) Scheme History

Analysis of scheme assets and liabilities	**2025/26**	**2024/25**
	£	**£**
Fair Value of Assets in pension scheme	211,424,000	193,593,000
Present Value of Defined Benefit Obligation	(156,468,000)	(145,290,000)
Surplus/(deficit) in the Scheme	**54,956,000**	**48,303,000**

Amount recognised in Other Comprehensive Income and Expenditure:	**2025/26**	**2024/25**
	£	**£**
Actuarial gains/(losses)	(2,760,000)	30,931,000
Expected Return on Plan Assets	5,010,000	(719,000)
Increase/(decrease) in irrecoverable surplus	(3,798,000)	(29,936,000)
Re-measurements recognised in Other Comprehensive Income and Expenditure	(1,548,000)	276,000
Cumulative actuarial gains and losses	57,661,000	59,209,000
History of experience gains and losses:		
Experience gains and (losses) on assets	5,010,000	(719,000)
Experience gains and (losses) on liabilities	(3,121,000)	(281,000)

Notes to the Financial Statements
For the year ended 31 March 2026

The liabilities show the underlying commitments that the Council has in the long run to pay retirement benefits. The total assets of £211,424,000 have less of an impact on the net worth of the Council as recorded in the Balance Sheet due to the unrecognised asset, resulting in a net liability of £666,000.

The Council has a net pension asset at the accounting date which is reflected in the reduction of employer contributions to 15.5% for the next three years (2026/27 to 2028/29).

Analysis of projected amount to be charged to the Comprehensive Income and Expenditure Statement for the year to 31 March 2027:

	31/03/2027 £	31/03/2027 % of pay
Projected current cost	4,634,000	14.69
Net Interest on the net defined benefit liability (asset)	(152,000)	(0.48)
	4,482,000	**14.21**

Allowance for administration expenses included in Current Service Cost £126,000 and estimated pensionable payroll over the period £31,539,000.

The total contributions expected to be made to the Northern Ireland Local Government Officers' Pension Fund by the Council in the year to 31 March 2027 is £5,507,100.

History of experience gains and losses

The actuarial gains/losses identified as movements on the Pensions Reserve 2025/26 can be analysed into the following categories, measure as a percentage of assets or liabilities at 31 March 2026.

	2025/26 %	2024/25 %
Experience Gains and (losses) on Assets	2.37	(0.37)
Experience gains and (losses) on Liabilities	1.99	0.19

22e) Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in the future years dependent on assumptions about mortality rates, salary levels, etc. The Council's Fund liabilities have been assessed by Aon Hewitt Ltd, an independent firm of actuaries, estimates for the Council Fund being based on data pertaining to the latest full valuation of the scheme as at 31 March 2025.

Mortality assumptions:		2025/26	2024/25
Longevity at 65 current pensioners:	Men	22.0 years	21.6 years
	Women	25.3 years	24.5 years
Longevity at 45 for future pensioners:	Men	22.3 years	22.2 years
	Women	25.6 years	25.2 years
Inflation/Pension Increase Rate		2.80%	2.50%
Salary Increase Rate		4.30%	4.00%
Discount Rate		6.20%	5.80%
Pension Accounts Revaluation Rate		2.80%	2.50%

Take-up of option to convert annual pension into retirement lump sum:		
Service to April 2009	85%	80%
Service post April 2009	85%	80%

Pension Assumptions Sensitivity Analysis

The pension figures disclosed in these financial statements are sensitive to the assumptions used. The approximate impact of changing key assumptions on the present value of the funded defined benefit obligation as at 31 March 2026 is set out below.

In each case, only the assumption noted below is altered; all other assumptions remain the same and are summarised in the disclosure above.

Discount Rate Assumption		
Adjustment to discount rate	**+0.1% p.a.**	**-0.1% p.a.**
Present value of the total obligation (£Ms)	£153.465	£158.139
% change in the present value of the total obligation	-1.5%	1.5%
Projected service cost (£Ms)	£4.449	£4.824
Approximate % change in projected service cost	-4.0%	4.1%

Rate of General Increase in Salaries		
Adjustment to salary increase rate	**+0.1% p.a.**	**-0.1% p.a.**
Present value of the total obligation (£Ms)	£156.114	£155.490
% change in the present value of the total obligation	0.2%	-0.2%
Projected service cost (£Ms)	£4.634	£4.634
Approximate % change in projected service cost	0.0%	0.0%

Rate of Increase to Pensions in Payment, Deferred Pensions Increase Assumption and rate of Revaluation of Pension Accounts Assumption		
Adjustment to pension increase rate	**+0.1% p.a.**	**-0.1% p.a.**
Present value of the total obligation (£Ms)	£157.827	£153.777
% change in the present value of the total obligation	1.30%	-1.30%
Projected service cost (£Ms)	£4.824	£4.449
Approximate % change in projected service cost	4.1%	-4.0%

Post Retirement Mortality Assumption		
Adjustment to the mortality age rating assumption *	**-1 Year**	**+1 Year**
Present value of the total obligation (£Ms)	£159.230	£152.219
% change in the present value of the total obligation	2.2%	-2.3%
Projected service cost (£Ms)	£4.787	£4.481
Approximate % change in projected service cost	3.3%	-3.3%

* A rating of +1 year means that members are assumed to follow the mortality pattern of the base table above for an individual that is 1 year older than them.

Notes to the Financial Statements
For the year ended 31 March 2026

22f) Major categories of plan assets as percentage of total plan assets

The Northern Ireland Local Government Officers' Pension Fund's assets consist of the following categories, by proportion of the total assets held:

	31/03/2026	31/03/2025
Equity investments	41.60%	40.20%
Bonds	26.20%	19.00%
Property	9.80%	10.00%
Cash	3.10%	11.40%
Other	19.30%	19.40%
	100.00%	**100.00%**

22g) Northern Ireland Civil Service Pension Arrangements

The Northern Ireland Civil Service Pension arrangement is an unfunded multi-employer defined benefit schemes, but the Council is unable to identify its share of the underlying assets and liabilities and therefore has accounted for this scheme as a defined contribution scheme. The most up to date actuarial valuation was carried out as at 31 March 2020. This valuation was then reviewed by the Scheme Actuary and updated to reflect current conditions and rolled forward to the reporting date of the DoF Superannuation and Other Allowances Resource Accounts as at 31 March 2026.

Guaranteed Minimum Pension (GMP) is a portion of pension that was accrued by individuals who were contracted out of the state pension prior to 6 April 1997. The High Court in England ruled on 26 October 2018 that all GMP benefits in UK pension plans must be equalised for males and females. The outcome of this judgement will affect all UK defined benefit schemes, including public sector pension schemes such as the Schemes, which had been contracted out of the State pension arrangements resulting in members of the scheme having a GMP.

On 20 November 2020, the High Court in England ruled that pension schemes will need to revisit individual transfer payments made since 17 May 1990 to check if any additional value is due because of GMP equalisation.

For public service pension schemes, including the Schemes, the ruling will be taken forward on a cross scheme basis with HM Treasury in conjunction with legal input. This may require revisiting past Cash Equivalent Transfer Value (CETV) cases for members with State Pension age after 5 April 2016 and who took a CETV from the scheme before CETVs were equalised from 2019. The scope of any costs is yet to be determined to estimate the potential impact on the Scheme, however, it is expected to be a relatively small uplift for a relatively small subset of members (i.e. those who took a CETV and are in scope for a top up).

23 Donated Assets Account

The Council does not have any donated assets for which conditions have not been met.

24 Capital Grants Received in Advance

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement (CIES).

Notes to the Financial Statements
For the year ended 31 March 2026

Where capital grants are credited to the CIES, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

The Council has a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the giver. The capital schemes with balances within Grants Received in Advance at the year-end are as follows:

	31/03/2026 £	31/03/2025 £
Opening Balance as at 1 April	37,091,000	44,944,077
Recognise Grants Receivable – conditions not met		
Greenways – Newtownards to Bangor	-	-
Greenways – Comber to Newtownards	-	-
Transfer to CIES – conditions now met		
DFI Greenways Newtownards to Bangor	-	(2,250,636)
DFI Greenways Comber to Newtownards	-	(2,386,441)
Levelling Up Funding Greenways N'ards to Bangor	-	(1,608,000)
Levelling Up Funding Greenways Comber to N'ards	-	(1,608,000)
Closing Balance as at 31 March	**37,091,000**	**37,091,000**

These grants are reflected in Note 16.

25 Contingencies

In accordance with the Code (and IAS 37), Councils should disclose by way of note if there is a possible obligation arising from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the authority, or a present obligation that arises from past events but is not recognised because:

a) it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, or
b) the amount of the obligation cannot be measured with sufficient reliability.

25a) Self-Insurance Scheme

The Council operates a self-insurance scheme for public and employee liability insurance. As at 31 March 2026, claims with a total value of £2,086,943 (Restated 2025: £1,547,093) had been lodged but continue to be actively challenged. Whilst the Council continues to strongly contest liability in respect of each of these claims, a provision has been made based on the Council's experience of settlement rates over the previous years. Movement on the Insurance Provision during the year is set out in note 20.

25b) Residual Waste Treatment Project

The arc21 Joint Committee has, with the approval of its participant Councils, entered a Contingent Liability Undertaking with the bidding consortium in the procurement for a Residual Waste Treatment Project and Ards and North Down Borough Council has agreed its share of the contingent liability. The risks of any potential financial penalties associated with the procurement process are limited but payments, if any, become due in accordance with this undertaking, they will be funded by the participant Councils. No further information on this agreement can be disclosed due to the commercial sensitivity of the procurement process.

Notes to the Financial Statements
For the year ended 31 March 2026

25c) Special Legal Regime – VAT Tribunal

Following extensive litigation regarding the treatment of leisure services for VAT purposes, HMRC published VATGPB8410 – Other local authority activities: sport and leisure: supplies of sporting services in November 2023. The Council has liaised with HMRC with regard to the interpretation of this guidance and its implication for the Council resulting in revised claims being submitted. The Council has now submitted all claims and received all refunds totalling £4.1M.

25d) Land Disposal – contingent asset

During the 2022/23 financial year Council disposed of land at Blair Mayne Road South to a developer for residential housing. Within the contract is a condition that should planning permission be obtained for a more intensive development than originally anticipated that Council would receive additional income in line with the formula set out in the contract. This condition has not yet been met; however, it remains active for a further 8 years.

25e) General

The Council has a number of other general litigious matters ongoing. It is uncertain whether these matters will proceed to court or if they do, whether the courts will have reached a decision in relation to them before the Council's financial statements have been certified and published. Council is of the opinion that, in the majority of matters, it is not probable that an outflow of resources will be required to settle the claim. Council is also of the opinion that, in any event, it is not possible to make a sufficiently reliable financial estimate of potential contingent liabilities for disclosure purposes.

26 Other Cash Flow Notes

26a) Analysis of Adjustments to Surplus/Deficit on the Provision of Services

Adjustment to surplus or deficit on the provision of services for non-cash movements:	**Notes**	**2024/25 £**	**2024/25 £**
Depreciation	4	12,093,388	11,385,638
Impairment & downward revaluations (& non-sale de-recognitions)	4	1,062,356	52,513
(Increase)/Decrease in Inventories		(60,358)	(32,580)
(Increase)/Decrease in Debtors		563,395	(6,072,980)
Increase/(Decrease) in impairment provision for bad debts		46,163	(82,397)
Increase/(Decrease) in Creditors		(1,441,208)	(1,641,497)
Increase/(Decrease) in Interest Creditors		(25,530)	(89,157)
Pension Fund Adjustments	22	(1,562,000)	209,000
Carrying amount of non-current assets sold	4	62,137	175,848
AUC written off to Net Cost of Services		-	-
Contributions to Other Reserves/Provisions		459,997	684,023
Movement in value of Investment Properties		(15,000)	-
Amounts posted to CIES from Donated Assets Account	22	-	-
		11,183,319	**4,588,411**
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities:			
Proceeds from the sale of PP&E, Investment Property and Intangible Assets		(49,550)	(40,656)
		(49,550)	**(40,656)**

Notes to the Financial Statements
For the year ended 31 March 2026

26b) Cash and Cash Equivalents

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand and in bank and short-term deposits and investments (considered to be cash equivalents), net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the Balance Sheet as follows:

	31/03/2026 £	31/03/2025 £
Cash and Bank balances	2,656	2,752
Short Term Investments (considered to be Cash Equivalents)	8,000,000	12,000,000
Short Term Deposits (considered to be Cash Equivalents)	-	-
Bank Overdraft	(638,510)	(2,663,801)
	7,364,146	**9,338,951**

26c) Cash Flow Statement - Operating Activities

	2025/26 £	2024/25 £
The cash flows from operating activities include:		
Interest received	**497,443**	1,247,112
Interest paid	**2,093,521**	2,256,417

26d) Cash flows from Investing Activities

	2025/26 £	2024/25 £
Purchase of PP&E, investment property and intangible assets	12,702,192	13,045,049
Proceeds from the sale of PP&E, Investment Property and Intangible Assets	(49,550)	(40,656)
Capital Grants and contributions received	(572,074)	6,880,982
Net Cash flows from Investing Activities	**12,080,568**	**19,885,375**

26e) Cash flows from Financing Activities

	2025/26 £	2024/25 £
Cash Receipts from Short and Long-Term Borrowing	-	-
Reduction in lease liability	(225,370)	
Repayment of Short and Long-Term Borrowing	(3,592,853)	(2,775,070)
Net Cash flows from Financing Activities	**(3,818,223)**	(2,775,070)

27 Usable Reserves

27a) Capital Receipts Reserve

These are capital receipts which have originated primarily from the sale of assets which have not yet been used to finance capital expenditure.

The Capital Receipts Reserve is credited with the proceeds from fixed asset sales and other monies defined by statute as capital receipts. These are originally credited to the Comprehensive Income and Expenditure Statement as part of the gain/loss on disposal and posted out via the Movement in Reserves Statement to the Capital Receipts Reserve. The reserve is written down when resources are applied to finance new capital expenditure or set aside to reduce an authority's capital financing requirement (or used for other purposes permitted by statute).

	Notes	31/03/2026 £	31/03/2025 £
At 1 April		2,461,514	3,225,283
Movement			
Disposal of Non-Current Assets/ Capital Sales	4, 26	49,550	40,656
Capital Receipts used to finance capital expenditure	28a, 13	(1,064,030)	(804,425)
At 31 March		**1,447,034**	**2,461,514**

Capital receipts received on the disposal of non-current assets is made up as follows:

- £50k in relation to land, vehicles and equipment sales disposed of during the year.

27b) Capital Grants Unapplied account

Where a capital grant or contribution (or part thereof) has been recognised as income in the Comprehensive Income and Expenditure Statement, but the expenditure to be financed from that grant or contribution has not been incurred at the Balance Sheet date, the grant or contribution shall be transferred to the Capital Grants Unapplied Account (within the usable reserves section of the balance sheet), reflecting its status as a capital resource available to finance expenditure. This transfer is reported in the Movement in Reserves Statement.

When, at a future date, the expenditure to be financed from the grant or contribution is incurred, the grant or contribution (or part thereof) shall be transferred from the Capital Grants Unapplied Account to the Capital Adjustment Account, reflecting the application of capital resources to finance expenditure. This transfer is also reported in the Movement in Reserves Statement or in the notes to the accounts.

	Notes	31/03/2026 £	31/03/2025 £
At 1 April		19,129,486	4,935,554
Movement			
Recognised in year		1,550,285	15,595,845
Transferred to CAA in year		(3,908,553)	(1,401,913)
At 31 March		**16,771,218**	**19,129,486**

The closing balance is made up of £8,260,414 DAERA Whitespots Country Park, £3,941,975 DFI Comber to Newtownards Greenway & LUF Bangor to Newtownards Greenway, £389,675

Notes to the Financial Statements
For the year ended 31 March 2026

COVID 19 Recovery Small Settlements Regeneration Programme funds along with £2,521,384 BRCD Bangor Waterfront funds, £1,550,285 Peace Grants (Special EU Programmes Body) and £107,484 DfC Bangor Art Installation funds.

27c) Revenue Grants Unapplied account

Where a revenue grant or contribution (or part thereof) has been recognised as income in the Comprehensive Income and Expenditure Statement, but the expenditure to be financed from that grant or contribution has not been incurred at the Balance Sheet date, the grant or contribution shall be transferred to the Revenue Grants Unapplied Account (within the usable reserves section of the balance sheet), reflecting its status as a resource available to finance expenditure. This transfer is reported in the Movement in Reserves Statement.

When, at a future date, the expenditure to be financed from the grant or contribution is incurred, the grant or contribution (or part thereof) shall be transferred from the Revenue Grants Unapplied Account to the General Fund, reflecting the application of revenue resources to finance expenditure. This transfer is also reported in the Movement in Reserves Statement or in the notes to the accounts.

	Notes	31/03/2026 £	31/03/2025 £
At 1 April		167,363	158,570
Movement			
Received in year		3,385,519	25,988
Released from reserve		-	(17,195)
At 31 March	10b	**3,552,882**	**167,363**

The closing balance is made up of £3,385,519 of Peaceplus Local Authority Action Plan monies; £86,000 Levelling Up Funding; £40,590 TEO Dispersal funding; £40,773 COVID Recovery Small Settlements Regeneration Programme funds.

27d) Earmarked Reserve

The Council has established an Earmarked Reserve under Section 9(1) of the Local Government Finance Act (NI) 2011 for the purposes of setting aside funds required for future purposes, for example to set up an innovation fund or to smooth the cost of elections.

	Notes	31/03/2026 £	31/03/2025 £
At 1 April		15,276,000	11,166,700
Transfers between statutory & other reserves & the General Fund	4b	1,504,938	4,141,943
Transfers to CAA to finance capital expenditure	12	(394,938)	(32,643)
At 31 March		**16,386,000**	**15,276,000**

Notes to the Financial Statements
For the year ended 31 March 2026

The Earmarked Fund balance is made up of Identified Workstreams £1,948k; Periodic Workstreams £817k; Transformation Fund £2,616k; Sustainability Fund £3,417k; Tax Base development Fund £2,758k, Multi Year Budgeting Fund £2,375k, Waste Fund £2,100k and the Capital Fund £355k.

27e) General Fund

This reserve shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from District Rates. Councils raise rates to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

	Notes	31/03/2026	31/03/2025
		£	£
At 1 April		7,599,736	6,267,531
Applied Capital Grants	4,10c	(23,329)	(3,349,450)
Government & Other Grants – Transfer from receipts in advance		-	(7,853,077)
Unapplied Capital Grants received in year	10d	(1,550,285)	(7,742,768)
Unapplied Revenue Grants rec'd in year		(3,385,519)	(8,793)
Direct Revenue Financing	4, 13	(178,311)	(474,663)
Depreciation and Impairment adjustment	4	13,140,742	11,438,151
Statutory Provision for financing Capital Investment	4	(7,748,000)	(6,593,121)
Net Revenue expenditure funded from capital under statute	4, 13	-	874,036
Surplus/(Deficit) on the Provision of Services	CIES	2,790,217	18,634,806
Transfers between Statutory and Other Reserves and the General Fund	4	(1,504,938)	(4,141,943)
Net movements on Pension Reserve	4, 22b	(1,562,000)	209,000
Disposal of Fixed Assets/Capital Sales	4, 8	12,587	135,192
Difference between finance and other costs and income calculated on an accounting basis and finance costs calculated in accordance with statutory requirements	28d	66,089	204,834
Other Movements		-	-
At 31 March		**7,656,990**	**7,599,736**

28 Unusable Reserves

28a) Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for the acquisition, construction or enhancement of those assets under statutory provisions.

The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement, with reconciling postings from the Revaluation Reserve to convert fair value figures to a historic cost basis.

The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Council.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2008, the date that the Revaluation Reserve was created to hold such gains.

	Notes	31/03/2026 £	31/03/2025 £
At 1 April		84,056,909	80,035,061
Applied Capital Grants	4,10c	23,329	3,349,450
Unapplied Capital Grants transferred to CAA in year	27b	3,908,553	1,401,913
Direct Revenue Financing	4, 13	178,311	474,663
Depreciation & Impairment adjustment	12	(13,140,742)	(11,438,151)
Statutory Provision for financing Capital Investment	4	7,748,000	6,593,121
Net Revenue expenditure funded from Capital under statute	4, 13	-	(874,036)
Disposal of Fixed Assets/ Capital Sales	4, 8	(62,137)	(175,848)
Capital Receipts used to finance capital expenditure	13, 27a	1,064,030	804,425
Other Movements		4,395,336	3,853,668
Transfers between Capital Fund or Repairs and Renewals Fund & CAA to finance capital expenditure	13	394,938	32,643
At 31 March		**88,566,527**	**84,056,909**

28b) Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment and Intangible Assets. The reserve is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised.

The reserve contains only revaluation gains accumulated since 1 April 2008, the date the reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

The purpose of this account is to build up a balance based on the revaluation (upwards or downwards) of individual assets. All such revaluations (excluding impairment losses that have

Notes to the Financial Statements

For the year ended 31 March 2026

been debited to Surplus/(Deficit) on the Provision of Services) are mirrored in Other Comprehensive Income and Expenditure. It is a fundamental principle of this account that it

never becomes negative. If an asset was held at current value when derecognised, the balance held on the Revaluation Reserve is written off to the Capital Adjustment Account.

	Notes	31/03/2026 £	31/03/2025 £
At 1 April		114,277,793	110,886,220
Revaluation & Impairment	12	5,253,682	7,245,241
Other Movements		(4,331,736)	(3,853,668)
At 31 March		**115,199,739**	**114,277,793**

28c) Pension Reserve

Full details on the Pension Reserve are disclosed in Note 22.

	Notes	31/03/2026 £	31/03/2025 £
At 1 April		(680,000)	(747,000)
Net Movements on Pension Reserve	4, 22b	1,562,000	(209,000)
Revaluation & Impairment	22b	(1,548,000)	276,000
At 31 March		**(666,000)**	**(680,000)**

28d) Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the Comprehensive Income and Expenditure Statement from accruing for compensated absences earned but not taken in the year e.g. staff annual leave entitlement carried forward at the end of the financial year. Statutory arrangements are in place to ensure that the impact on the Comprehensive Income and Expenditure Statement is neutralised by transfers to or from this Accumulated Absences Account.

	Notes	31/03/2026 £	31/03/2025 £
At 1 April		(752,245)	(547,411)
Adjustments in relation to short term accumulated absences	4	(66,089)	(204,834)
At 31 March		**(818,334)**	**(752,245)**

29. Significant Trading Operations

The Council did not operate any significant trading operations during the 2025/26 financial year.

30. Related Party Transactions

A related party is one that has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. This includes cases where the related party entity and another entity are subject to common control but excludes providers of finance in the course of their normal business with the Council and Trade Unions in the course of their normal dealings with the Council. In addition, where the relationship between the Council and the entity is solely an Agency agreement, this is not deemed to be a Related Party Transaction.

A Related Party Transaction is a transfer of resources or obligations between related parties, regardless of whether a price is charged. They exclude transactions with any other entity that is a related party solely because of its economic dependence on the Council or the Government of which it forms part.

All transactions detailed below have been entered into in full compliance with the Council's Standing Orders.

Organisations in which Councillors have an interest

Councillors have direct control over the Council's financial and operating policies. During the year, the Council paid for works and services amounting to £233k (2024/25: £383k) from organisations in which individual Councillors have an interest. In the majority of cases this was not a personal interest, but rather they were representing Council. The main recipient within this total is £134k (2024/25: £296k) to Northern Community Leisure Trust.

The Council also paid grants and contributions of £559k (2024/25: £578k) to a number of organisations in which Councillors represented the Council's interest. The main grants and contributions were £497k paid to Community Advice Ards and North Down and £31k paid to Northern Community Leisure Trust. These grants and contributions were made with proper consideration of declaration of interests.

Joint Committees and Other Councils

The Council is a member of the arc21 Joint Committee which is established for the purposes of managing waste. arc21 accounts for its funding by the provision of a statement of accounts which is prepared under the Local Government (Accounts and Audit) Regulations 2015. During the year the Council incurred expenditure of £7,290k (2024/25: £7,263k) and received income of £51k (2024/25: £99k).

Council also received services amounting to £539k (2024/25: £630k) from other Councils and provided services of £381k (2024/25: £454k) to other Councils.

Details of all amounts outstanding to Councils and Joint Committees at 31 March 2026 are set out in notes 16 and 19.

The Council started the year with treasury deposits of £12M, representing income received in advance of expenditure plus balances and reserves held. The Council is required to invest its treasury funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council made no deposits with local authorities in 2025/26.

Other Public Bodies

In the course of the year, the Council incurred expenditure of £2,478k (2024/25: £2,251k) to other public bodies. £712k (2024/25: £682k) was in respect of property rates; £121k (2024/25: £85k) was in relation pension contributions. The balance of the amounts mainly relates to services received for example NIAO Audit Fees (£98k); NI Water Charges (337k); NIEA subsistence (£106k); OSNI LGMA mapping licence (£55k); valuation and Landweb fees (£149k); annual rentals (£242k). The Council received other income of £737k (2024/25: £919k) from other public bodies for services provided.

The Council made principal and interest loan repayments of £4,459k to the Department of Finance. An analysis of amounts outstanding to both the Department and other institutions at 31 March 2026 are set out in note 18b.

Details of amounts outstanding are set out in notes 16 and 19.

Council received grants from other public bodies of £4,080k (2024/25: £21,325k), including £1,555k Special European Union Programmes Body, £18k Keep Britain Tidy and £1k Levelling Up Funding, Department for Communities £2,506k (2024/25: £2,380k).

31. Events after the Reporting Period

There were no events occurring after the 31 March 2026 which require adjustment to the Council's financial statements or additional disclosures.

Accounts Authorised for Issue Certificate

The Chief Financial Officer authorised these for issue on   September 2026.